

ARIZONA INCOME TAX CREDITS

**Arizona Department of Revenue
Office of Economic Research and Analysis**

September 2006

ARIZONA INDIVIDUAL INCOME TAX CREDITS CLAIMED BY TAX YEAR

| | | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|--|---|---|---|---|--|--|---|--|
| Agricultural Pollution Control Equipment | # of claims credit available credit used carry forward | Data Not Available | Data Not Available | Data Not Available | ⁶ \$47,706 \$32,542 \$15,164 | ⁹ \$54,870 \$17,500 \$37,370 | ⁹ \$77,096 \$15,218 \$61,878 | Not Releasable | |
| Agricultural Preservation District | # of claims credit available credit refunded carry forward | Data Not Available | ⁰ \$0 \$0 | ⁰ \$0 \$0 | ⁰ \$0 \$0 | ⁰ \$0 \$0 | | | |
| REFUNDABLE | | | | | | | | | |
| Agricultural Water Conservation | # of claims credit available credit used carry forward | Data Not Available | Data Not Available | ¹¹⁶ \$7,102,598 \$1,424,697 \$5,420,203 | ¹³⁰ \$7,986,027 \$1,246,811 \$6,168,387 | ¹³³ \$8,313,418 \$1,470,129 \$6,045,148 | ¹³⁰ \$8,157,000 \$1,578,411 \$6,527,281 | ¹²⁹ \$8,484,744 \$970,210 \$7,213,521 | ⁹⁴ \$4,567,632 \$625,676 \$3,941,314 |
| Alternative Fuel Delivery System | # of claims credit available credit used carry forward | Data Not Available | Data Not Available | ⁰ \$0 \$0 \$0 | ⁰ \$0 \$0 \$0 | Not Releasable | Not Releasable | Not Releasable | Not Releasable |
| NONREFUNDABLE | | | | | | | | | |
| Alternative Fuel Delivery System | # of claims credit available credit used credit refunded carry forward | | | | | Not Releasable | ¹⁹ \$2,863,157 \$192,848 \$2,670,309 \$0 | | |
| REFUNDABLE | | | | | | | | | |
| Alternative Fuel Vehicles | # of claims credit available credit used carry forward | Data Not Available | ²⁶ \$251,238 \$34,972 \$0 | ⁵⁰ \$406,037 \$59,406 \$346,631 | ⁷⁴ \$605,622 \$104,771 \$501,144 | ¹¹¹ \$2,231,436 \$199,273 \$2,036,470 | ¹⁶³ \$2,771,035 \$364,450 \$2,413,085 | ²⁴¹ \$2,227,522 \$727,117 \$1,500,405 | ⁷² \$78,272 \$56,864 \$21,408 |
| NONREFUNDABLE | | | | | | | | | |
| Alternative Fuel Vehicles | # of claims credit available credit used credit refunded carry forward | | | | | ¹⁵⁸ \$2,694,618 \$325,684 \$2,368,934 \$0 | ^{4,905} \$94,544,474 \$13,251,856 \$81,240,048 \$52,570 | | |
| REFUNDABLE | | | | | | | | | |
| Clean Elections | # of claims credit available credit used carry forward | ^{30,135} \$712,495 \$702,879 | ^{32,338} \$748,343 \$739,774 | ^{32,042} \$746,749 \$727,224 | ^{33,470} \$725,230 \$688,864 | ^{26,757} \$639,427 \$599,485 | ^{23,717} \$564,312 \$537,345 | ^{8,585} \$546,255 \$502,151 | |
| Construction Materials | # of claims credit available credit used carry forward | | Data Not Available | ⁰ \$0 \$0 \$0 | ⁰ \$0 \$0 \$0 | Not Releasable | Not Releasable | Not Releasable | ⁰ \$0 \$0 \$0 |

ARIZONA INDIVIDUAL INCOME TAX CREDITS CLAIMED BY TAX YEAR

| | | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|-------------------|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contributions | # of claims | 23,030 | 20,736 | 17,467 | 14,226 | 12,538 | 10,654 | 6,725 | 2,894 |
| To Charities | credit available | \$5,935,400 | \$3,884,600 | \$3,283,100 | \$2,687,900 | \$2,257,673 | \$1,829,205 | \$1,168,515 | \$481,037 |
| Providing Help | credit used | \$5,890,900 | \$3,851,700 | \$3,259,400 | \$2,676,900 | \$2,196,043 | \$1,792,123 | \$1,154,768 | \$476,691 |
| To Working Poor | carry forward | \$44,500 | \$32,900 | \$23,700 | \$11,000 | \$41,852 | \$35,581 | \$13,747 | \$4,346 |
| Defense | # of claims | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contracting | credit available | Data Not | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | credit used | Available | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | carry forward | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Donation of | # of claims | | | | 41 | 163 | 464 | 92 | |
| Motor Vehicles | credit available | | | | \$54,025 | \$213,200 | \$615,576 | \$121,698 | |
| To Work | credit used | | | | \$40,261 | \$173,319 | \$549,223 | \$102,327 | |
| Program | carry forward | | | | | | | | |
| Employment of | # of claims | | | | | 0 | 0 | | |
| TANF Recipients | credit available | Data Not | Data Not | Not | Not | \$0 | \$0 | Not | Not |
| | credit used | Available | Available | Releasable | Releasable | \$0 | \$0 | Releasable | Releasable |
| | carry forward | | | | | \$0 | \$0 | | |
| Enterprise | # of claims | | | 172 | 138 | 217 | 194 | 179 | 134 |
| Zone | credit available | Data Not | Data Not | \$2,245,963 | \$2,117,976 | \$3,605,894 | \$3,626,383 | \$2,689,304 | \$1,932,606 |
| | credit used | Available | Available | \$1,346,363 | \$1,412,718 | \$2,168,612 | \$2,119,890 | \$1,560,543 | \$1,196,708 |
| | carry forward | | | \$836,201 | \$775,248 | \$1,437,412 | \$1,514,514 | \$1,128,761 | \$735,928 |
| Environmental | # of claims | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Technology | credit available | Data Not | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | credit used | Available | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | carry forward | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Family Tax | # of claims | 417,996 | 425,484 | 417,451 | 427,798 | 402,094 | 335,253 | 327,974 | 312,768 |
| Credit | credit available | \$35,051,721 | \$35,617,953 | \$35,068,208 | \$36,064,781 | \$33,377,585 | \$28,924,670 | \$28,374,663 | \$27,669,951 |
| | credit used | \$7,467,680 | \$7,709,270 | \$7,445,937 | \$7,382,178 | \$7,356,939 | \$7,799,840 | \$7,925,721 | \$7,390,406 |
| | carry forward | | | | | | | | |
| Income Taxes Paid | # of claims | 25,735 | 29,463 | 25,722 | 24,909 | 29,007 | 27,831 | 26,317 | 25,794 |
| To Other States | credit available | \$53,975,099 | \$78,932,829 | \$62,484,651 | \$52,843,508 | \$58,777,258 | \$57,403,404 | \$51,433,659 | \$53,091,928 |
| or Countries | credit used | \$53,975,099 | \$78,932,829 | \$62,484,651 | \$52,843,508 | \$58,777,258 | \$57,403,404 | \$51,433,659 | \$53,091,928 |
| | carry forward | | | | | | | | |
| Increased Excise | # of claims | 503,904 | 551,038 | 548,831 | 529,265 | 428,189 | | | |
| Taxes Paid | credit available | \$27,033,899 | \$29,630,205 | \$29,581,905 | \$28,403,741 | \$22,612,548 | | | |
| | credit used | \$27,033,899 | \$29,630,205 | \$29,581,905 | \$28,403,741 | \$22,612,548 | | | |
| | carry forward | | | | | | | | |

ARIZONA INDIVIDUAL INCOME TAX CREDITS CLAIMED BY TAX YEAR

| | | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---|---|---|--|--|--|---|---|--|
| Military Reuse Zone | # of claims credit available credit used carry forward | Data Not Available | 0 \$0 \$0 \$0 | 0 \$0 \$0 \$0 | 0 \$0 \$0 \$0 | 0 \$0 \$0 \$0 | 0 \$0 \$0 \$0 | 0 \$0 \$0 \$0 | 0 \$0 \$0 \$0 |
| Neighborhood Electric Vehicle | # of claims credit available credit used carry forward | Data Not Available | Data Not Available | 1,168 \$5,648,559 \$1,533,072 \$4,123,724 | 1,735 \$9,049,067 \$2,484,187 \$6,564,880 | 2,612 \$16,275,159 \$5,716,267 \$10,558,892 | 4,199 \$40,162,384 \$22,266,522 \$17,885,862 | 1,207 \$13,968,334 \$7,868,830 \$6,099,504 | |
| Pollution Control Device | # of claims credit available credit used carry forward | Data Not Available | Data Not Available | Data Not Available | 13 \$18,562 \$18,525 \$37 | 18 \$31,624 \$31,624 \$0 | Not Releasable | Not Releasable | Not Releasable |
| Private School Tuition Organization | # of claims credit available credit used carry forward | 69,234 \$42,192,973 \$42,192,973 | 63,830 \$31,871,900 \$31,871,900 | 58,122 \$29,445,494 \$29,445,494 | 52,161 \$26,171,191 \$26,171,191 | 46,755 \$24,924,656 \$24,924,656 | 38,249 \$17,701,284 \$17,701,284 | 32,023 \$13,781,341 \$13,781,341 | 4,248 \$1,815,798 \$1,815,798 |
| Property Tax | # of claims credit available credit used carry forward | 13,311 \$4,760,771 \$4,760,771 | 14,768 \$5,237,022 \$5,237,022 | 15,028 \$5,301,879 \$5,301,879 | 14,991 \$5,106,544 \$5,106,544 | 15,218 \$5,015,318 \$5,015,318 | 14,593 \$4,653,837 \$4,653,837 | 15,862 \$4,987,796 \$4,987,796 | 17,237 \$5,290,628 \$5,290,628 |
| Public School Extra Curricular Activity | # of claims credit available credit used carry forward | 214,664 \$35,260,459 \$35,260,459 | 213,987 \$30,958,872 \$30,958,872 | 201,407 \$27,753,764 \$27,753,764 | 143,697 \$22,455,129 \$22,455,129 | 166,468 \$20,004,715 \$20,004,715 | 149,215 \$17,526,299 \$17,526,299 | 109,748 \$14,775,353 \$14,775,353 | 74,242 \$8,990,042 \$8,990,042 |
| Recycling Equipment | # of claims credit available credit used carry forward | Data Not Available | Data Not Available | Data Not Available | 5 \$7,945 \$3,267 \$4,678 | 6 \$9,309 \$2,928 \$6,381 | 6 \$26,303 \$4,605 \$21,698 | Not Releasable | Not Releasable |
| Research & Development | # of claims credit available credit used carry forward | Data Not Available | 65 \$793,843 \$1,025,184 \$588,217 | 63 \$920,233 \$338,204 \$574,142 | 76 \$684,058 \$484,138 \$199,920 | 44 \$614,238 \$465,524 \$148,714 | | | |
| School Site Donation | # of claims credit available credit used carry forward | Data Not Available | Data Not Available | 31 \$1,136,287 \$561,908 \$386,963 | 66 \$3,711,546 \$2,380,444 \$1,697,036 | 51 \$4,380,699 \$2,869,356 \$1,518,424 | | | |
| Solar Energy | # of claims credit available credit used carry forward | Data Not Available | Data Not Available | 962 \$456,345 \$402,796 \$81,451 | 2,303 \$775,830 \$977,721 \$119,708 | 2,330 \$901,836 \$868,225 \$135,943 | 2,660 \$935,627 \$924,231 \$141,204 | 2,877 \$997,463 \$917,941 \$149,976 | 2,175 \$728,291 \$691,218 \$103,511 |

ARIZONA INDIVIDUAL INCOME TAX CREDITS CLAIMED BY TAX YEAR

| | | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|----------------------|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Solar Hot Water | # of claims | | | | 15 | 18 | 35 | 35 | 23 |
| Plumbing Stub | credit available | Data Not | Not | Not | \$4,920 | \$16,951 | \$21,308 | \$16,859 | \$12,352 |
| Outs & Electric | credit used | Available | Releasable | Releasable | \$3,312 | \$7,804 | \$11,566 | \$7,944 | \$8,874 |
| Vehicle Recharge | carry forward | | | | \$1,608 | \$9,147 | \$9,742 | \$8,915 | \$3,478 |
| Technology | # of claims | | 0 | 0 | | | | | |
| Training | credit available | Data Not | \$0 | \$0 | Not | Not | | | |
| REFUNDABLE | credit refunded | Available | \$0 | \$0 | Releasable | Releasable | | | |
| | carry forward | | | | | | | | |
| Underground | # of claims | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Storage Tanks | credit available | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | credit used | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | carry forward | | | | | | | | |
| Vehicle Refueling | # of claims | | | | 8 | 21 | 127 | 77 | |
| Apparatus & | credit available | Data Not | Not | Not | \$18,519 | \$37,953 | \$297,382 | \$205,568 | |
| Infrastructure | credit used | Available | Releasable | Releasable | \$3,531 | \$16,440 | \$238,139 | \$101,753 | |
| NONREFUNDABLE | carry forward | | | | \$14,988 | \$21,513 | \$59,243 | \$103,815 | |
| Vehicle Refueling | # of claims | | | | | 12 | 676 | | |
| Apparatus & | credit available | | | | | \$33,750 | \$3,204,789 | | |
| Infrastructure | credit used | | | | | \$25,456 | \$364,288 | | |
| REFUNDABLE | credit refunded | | | | | \$8,294 | \$2,840,501 | | |
| | carry forward | | | | | \$0 | \$0 | | |
| TOTAL | # of claims | 1,298,009 | 1,351,748 | 1,318,640 | 1,245,132 | 1,132,936 | 613,112 | 532,099 | 439,694 |
| | credit available | \$204,922,817 | \$217,943,984 | \$211,595,551 | \$199,544,301 | \$208,414,795 | \$287,444,793 | \$145,492,833 | \$104,779,543 |
| | credit used | \$177,284,660 | \$189,997,811 | \$171,677,567 | \$154,924,757 | \$155,890,072 | \$149,348,916 | \$106,961,442 | \$79,709,925 |
| | credit refunded | \$0 | \$0 | \$0 | \$0 | \$2,384,317 | \$86,750,858 | | |
| | carry forward | \$44,500 | \$630,415 | \$11,795,927 | \$16,073,798 | \$23,335,868 | \$30,208,389 | \$17,788,415 | \$4,855,899 |

Notes:

1. Shaded areas indicate that the credit was not in effect during the tax year.
2. "Not Releasable" indicates that the credit information cannot be released due to confidentiality restrictions.
3. "Total" includes credits for which information was "not releasable" individually.
4. DATA IN *ITALICS* IS PRELIMINARY.

ARIZONA CORPORATE INCOME TAX CREDITS CLAIMED BY TAX YEAR

| | | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|--|--|----------------------------------|---|---|---|--|---|---|---|
| Agricultural Pollution Control Equipment | # of claims credit available credit used carry forward | 0 \$0 \$0 \$0 | Not Releasable | Not Releasable | Not Releasable | Not Releasable | Not Releasable | | |
| Agricultural Preservation District | # of claims credit available credit used credit refunded carry forward | 0 \$0 \$0 \$0 | 0 \$0 \$0 \$0 | 0 \$0 \$0 \$0 | 0 \$0 \$0 \$0 | | | | |
| Agricultural Water Conservation | # of claims credit available credit used carry forward | Not Releasable | Not Releasable | Not Releasable | Not Releasable | Not Releasable | Not Releasable | Not Releasable | Not Releasable |
| Alternative Fuel Delivery System | # of claims credit available credit used carry forward | Not Releasable | Not Releasable | 3 \$457,906 \$1,039 \$456,867 | 3 \$642,337 \$184,431 \$457,906 | 5 \$1,998,651 \$1,167,282 \$831,369 | 8 \$2,441,075 \$1,377,215 \$1,063,860 | 3 \$1,287,994 \$1,083,345 \$204,649 | |
| Alternative Fuel Delivery System | # of claims credit available credit used credit refunded carry forward | | | | 0 \$0 \$0 \$0 \$0 | 5 \$679,992 \$314,676 \$363,316 \$0 | | | |
| Alternative Fuel Vehicles | # of claims credit available credit used carry forward | 3 \$659,570 \$2,837 \$0 | 5 \$645,555 \$1,726 \$643,829 | 7 \$678,479 \$32,924 \$645,555 | 7 \$740,566 \$2,882 \$737,674 | 13 \$1,116,853 \$342,351 \$774,502 | 24 \$1,402,495 \$283,160 \$1,119,335 | 12 \$190,258 \$36,231 \$154,027 | 4 \$11,150 \$4,805 \$6,345 |
| Alternative Fuel Vehicles | # of claims credit available credit used credit refunded carry forward | | | | 12 \$218,560 \$25,200 \$193,360 \$0 | 182 \$15,666,027 \$491,057 \$15,163,095 \$11,875 | | | |
| Clean Elections | # of claims credit available credit used carry forward | 90 \$562 \$552 | 111 \$1,778 \$1,773 | 102 \$646 \$646 | 97 \$2,913 \$2,913 | 57 \$13,911 \$13,911 | 0 \$0 \$0 | 0 \$0 \$0 | |
| Consolidated Filer | # of claims credit available credit used carry forward | Data Not Available | 32 \$59,745,538 \$2,335,704 \$57,384,032 | 30 \$61,942,032 \$2,196,494 \$59,745,538 | 35 \$65,434,352 \$3,492,320 \$61,942,032 | 41 \$68,890,512 \$3,456,160 \$65,434,352 | 46 \$71,825,954 \$2,935,442 \$68,890,512 | 41 \$75,191,008 \$3,365,054 \$71,825,954 | 43 \$79,780,975 \$4,589,967 \$75,191,008 |

ARIZONA CORPORATE INCOME TAX CREDITS CLAIMED BY TAX YEAR

| | | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|--|---|---|---|---|--|---|--|---|---|
| Construction Materials | # of claims credit available credit used carry forward | Not Releasable | Not Releasable | 3 \$426,692 \$100 \$426,592 | 3 \$426,792 \$100 \$426,692 | 4 \$630,976 \$204,184 \$426,792 | 7 \$1,161,103 \$414,824 \$746,279 | 5 \$1,567,984 \$1,041,619 \$579,484 | 10 \$2,018,694 \$878,822 \$1,139,872 |
| Defense Contracting | # of claims credit available credit used carry forward | Not Releasable | Not Releasable | Not Releasable | Not Releasable | 3 \$43,361,299 \$1,859,951 \$32,832,511 | 4 \$47,790,421 \$833,724 \$36,297,743 | 4 \$39,112,013 \$116,500 \$39,840,466 | 4 \$41,879,669 \$748,881 \$33,160,763 |
| Donation of Motor Vehicles To Work Program | # of claims credit available credit used carry forward | | | 0 \$0 \$0 \$0 | 0 \$0 \$0 \$0 | 0 \$0 \$0 \$0 | 0 \$0 \$0 \$0 | | |
| Employment of TANF Recipients | # of claims credit available credit used carry forward | 10 \$482,065 \$476,079 \$5,986 | 9 \$472,478 \$466,392 \$6,086 | 7 \$179,736 \$173,550 \$6,186 | 7 \$99,360 \$57,901 \$41,459 | 7 \$47,869 \$27,648 \$20,221 | 5 \$49,653 \$47,189 \$2,464 | 3 \$35,325 \$35,325 \$0 | |
| Enterprise Zone | # of claims credit available credit used carry forward | 85 \$9,435,381 \$4,711,476 \$4,416,661 | 118 \$13,103,639 \$5,838,182 \$7,209,525 | 129 \$14,156,829 \$5,982,079 \$8,174,750 | 138 \$17,459,483 \$7,004,450 \$10,455,033 | 133 \$18,060,076 \$8,641,915 \$9,418,161 | 136 \$19,404,587 \$12,307,907 \$7,096,680 | 130 \$15,844,922 \$8,662,232 \$7,182,690 | 115 \$11,824,588 \$5,547,393 \$6,106,749 |
| Environmental Technology Facility | # of claims credit available credit used carry forward | 0 \$0 \$0 \$0 | Not Releasable | Not Releasable | 3 \$37,088,205 \$1,084,588 \$36,003,617 | 3 \$36,766,914 \$26,658 \$36,740,256 | 3 \$36,836,791 \$69,877 \$36,766,914 | 4 \$36,520,479 \$365,267 \$36,155,212 | 3 \$34,966,768 \$38 \$34,966,730 |
| Military Reuse Zone | # of claims credit available credit used carry forward | Not Releasable | Not Releasable | Not Releasable | 3 \$131,312 \$109,373 \$21,939 | 3 \$113,702 \$97,440 \$16,262 | 3 \$175,336 \$170,634 \$4,702 | Not Releasable | 3 \$34,888 \$11,888 \$23,000 |
| Neighborhood Electric Vehicles | # of claims credit available credit used carry forward | 10 \$791,263 \$11,380 \$779,883 | 13 \$820,049 \$29,085 \$790,967 | 17 \$903,497 \$60,175 \$843,322 | 19 \$991,555 \$69,701 \$921,854 | 47 \$2,431,532 \$1,368,929 \$1,062,603 | 53 \$1,858,593 \$1,406,907 \$451,686 | | |
| Pollution Control Device | # of claims credit available credit used carry forward | 18 \$5,188,931 \$1,163,169 \$3,786,066 | 27 \$7,296,716 \$2,412,182 \$4,730,887 | 30 \$6,635,644 \$1,716,817 \$4,918,957 | 34 \$7,022,169 \$2,696,972 \$4,325,197 | 38 \$11,285,630 \$3,860,390 \$7,425,190 | 36 \$12,259,058 \$6,879,188 \$6,362,017 | 26 \$8,707,493 \$4,241,078 \$4,382,127 | 27 \$3,891,947 \$2,202,316 \$1,948,756 |
| Recycling Equipment | # of claims credit available credit used carry forward | Not Releasable | 4 \$192,332 \$3,426 \$188,906 | 4 \$197,477 \$5,145 \$192,332 | 4 \$218,919 \$21,442 \$197,477 | 5 \$238,422 \$15,626 \$222,796 | 4 \$250,210 \$16,028 \$234,182 | 4 \$274,352 \$12,660 \$261,692 | 4 \$161,315 \$10,672 \$150,643 |

ARIZONA CORPORATE INCOME TAX CREDITS CLAIMED BY TAX YEAR

| | | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|--|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Research & Development | # of claims | 104 | 132 | 133 | 129 | 126 | 142 | 130 | 135 |
| | credit available | \$83,946,015 | \$72,298,478 | \$42,972,005 | \$36,268,895 | \$23,941,837 | \$20,434,813 | \$19,458,263 | \$19,520,808 |
| | credit used | \$29,506,172 | \$25,751,016 | \$11,444,036 | \$9,454,132 | \$8,949,912 | \$10,445,778 | \$9,053,864 | \$11,233,349 |
| | old carry forward | \$462,243,453 | \$500,799,354 | \$494,467,832 | \$457,053,392 | \$409,218,385 | \$293,897,873 | \$190,668,812 | \$81,537,496 |
| | new carry forward | \$62,925,882 | \$34,559,819 | \$0 | \$0 | | | | |
| School Site Donation | # of claims | 3 | | | | | | | |
| | credit available | \$616,473 | Not | Not | Not | | | | |
| | credit used | \$616,473 | Releasable | Releasable | Releasable | | | | |
| | carry forward | \$0 | | | | | | | |
| Solar Hot Water Plumbing Stub Outs & Electric Vehicle Recharge | # of claims | 0 | 0 | 0 | 0 | | 0 | 0 | |
| | credit available | \$0 | \$0 | \$0 | \$0 | Not | \$0 | \$0 | |
| | credit used | \$0 | \$0 | \$0 | \$0 | Releasable | \$0 | \$0 | |
| | carry forward | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 | |
| Taxes Paid for Coal Consumed In Generating Electrical Power | # of claims | 3 | 3 | 3 | 3 | 3 | 4 | 4 | |
| | credit available | \$3,038,101 | \$3,145,343 | \$3,064,674 | \$2,755,471 | \$1,617,039 | \$1,305,513 | \$915,983 | |
| | credit used | \$908,990 | \$1,229,020 | \$1,504,851 | \$1,556,016 | \$778,015 | \$803,476 | \$678,039 | |
| | carry forward | \$1,799,254 | \$1,744,443 | \$1,559,823 | \$1,199,455 | \$839,024 | \$502,037 | \$237,944 | |
| Technology Training | # of claims | 3 | 3 | 4 | 11 | | | | |
| | credit available | \$39,963 | \$33,426 | \$41,083 | \$46,286 | | | | |
| | credit used | \$36,268 | \$33,006 | \$30,000 | \$35,010 | | | | |
| REFUNDABLE | credit refunded | \$3,695 | \$420 | \$11,083 | \$11,276 | | | | |
| | carry forward | | | | | | | | |
| Underground Storage Tanks | # of claims | 0 | 0 | | 0 | 0 | 0 | 0 | |
| | credit available | \$0 | \$0 | Not | \$0 | \$0 | \$0 | \$0 | Not |
| | credit used | \$0 | \$0 | Releasable | \$0 | \$0 | \$0 | \$0 | Releasable |
| | carry forward | | | | | | | | |
| Vehicle Refueling Apparatus & Infrastructure | # of claims | | | | | 4 | 7 | | |
| | credit available | Not | Not | Not | Not | \$8,712 | \$29,765 | | |
| | credit used | Releasable | Releasable | Releasable | Releasable | \$2,180 | \$13,630 | | |
| NONREFUNDABLE | carry forward | | | | | \$6,532 | \$16,135 | | |
| Vehicle Refueling Apparatus & Infrastructure | # of claims | | | | 0 | 12 | | | |
| | credit available | | | | \$0 | \$138,940 | | | |
| | credit used | | | | \$0 | \$46,332 | | | |
| REFUNDABLE | credit refunded | | | | \$0 | \$92,608 | | | |
| | carry forward | | | | \$0 | \$0 | | | |

ARIZONA CORPORATE INCOME TAX CREDITS CLAIMED BY TAX YEAR

| | | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|--------------|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| TOTAL | # of claims | 338 | 473 | 491 | 522 | 699 | 492 | 375 | 352 |
| | credit available | \$135,207,784 | \$219,253,439 | \$208,719,272 | \$214,002,267 | \$232,677,819 | \$223,261,493 | \$203,492,249 | \$198,303,463 |
| | credit used | \$37,884,407 | \$38,867,306 | \$27,406,033 | \$26,253,724 | \$31,705,420 | \$38,271,775 | \$28,859,182 | \$25,371,559 |
| | credit refunded | \$3,695 | \$420 | \$11,083 | \$204,636 | \$15,619,019 | | | |
| | old carry forward | \$497,065,724 | \$634,230,342 | \$636,823,546 | \$611,796,730 | \$568,707,544 | \$459,128,330 | \$355,711,264 | \$238,299,022 |
| | new carry forward | \$62,925,882 | \$34,559,819 | \$0 | \$0 | | | | |

Notes:

1. Shaded areas indicate that the credit was not in effect during the tax year.
2. "Not Releasable" indicates that the credit information cannot be released due to confidentiality restrictions.
3. "Total" includes credits for which information was "not releasable" individually.
4. DATA IN *ITALICS* IS PRELIMINARY.

| |
|--|
| AGRICULTURAL POLLUTION CONTROL EQUIPMENT CREDIT |
|--|

Statute: A.R.S. § 43-1081.01

Effective Date: For taxable years from and after 12/31/98

Provisions: A nonrefundable credit is allowed for expenses that a taxpayer (involved in the commercial production of livestock, livestock products or agricultural, horticultural, viticultural or floricultural crops or products) incurs to purchase tangible personal property that is primarily used in the taxpayer's trade or business in Arizona to control or prevent pollution. Property that qualifies for this credit includes the portion of a structure, building, installation, excavation, machine, equipment or device and any attachment or addition or reconstruction, replacement or improvement of that property that is directly used, constructed or installed to prevent, monitor, control or reduce air, water or land pollution.

Credit: The credit is equal to 25% of the cost of the real or personal property, not to exceed \$25,000.

Carry forward: Five years.

| | 1999 | 2000 | 2001 | 2002 |
|-----------------------|------------|----------|----------|----------|
| # of claimants | 1 | 9 | 9 | 6 |
| Total credit | ////////// | \$77,096 | \$54,870 | \$47,706 |
| Used | ////////// | \$15,218 | \$17,500 | \$32,542 |
| Carry forward | ////////// | \$61,878 | \$37,370 | \$15,164 |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

AGRICULTURAL PRESERVATION DISTRICT CREDIT

Statute: A.R.S. § 43-1081.02
Effective Date: For taxable years from and after 12/31/00 *and ending before 1/1/06*
Repealed: Repeal date set when credit enacted.
Provisions: A *refundable* credit is allowed for a taxpayer who owns property classified as Class Two property (agricultural) and who conveys ownership or development rights to an agricultural preservation district. No district can award credits exceeding \$10 million.
Credit: The amount of the credit is either the appraised value of the property if the taxpayer conveys ownership to the district or the difference between the appraised value of the undeveloped land and the appraised value of the land for development purposes if the taxpayer conveys the development rights of the property to the district. No credit in a calendar year can exceed \$33,000.

As of the date of this publication, no claim for the agricultural preservation district credit has been found.

| |
|--|
| AGRICULTURAL WATER CONSERVATION SYSTEM CREDIT |
|--|

Statute: A.R.S. § 43-1084

Effective Date: For taxable years from and after 12/31/93

Provisions: A nonrefundable credit is allowed for expenses incurred during the taxable year to purchase and install an agricultural water conservation system in Arizona. The system must be primarily designed to substantially conserve water on land used to (1) produce crops, fruits or other agricultural products, (2) raise, harvest or grow trees, or (3) sustain livestock. The expense must be consistent with a conservation plan filed and in effect with the United States Department of Agriculture Soil Conservation Service.

Credit: The credit is equal to 75% of the qualifying expenses.

Carry forward: Five years.

| | # of claimants | Total credit | Used | Carry forward |
|-------------|-------------------|--------------|-------------|------------------|
| 1994 | 35 | \$1,800,000 | \$382,000 | \$1,400,000 |
| 1995 | 54 | \$2,600,000 | \$923,000 | \$1,700,000 |
| 1996 | 75 | \$4,247,392 | \$721,093 | \$3,524,790 |
| 1997 | 63 | \$3,752,833 | \$430,131 | \$3,323,906 |
| 1998 | 94 | \$4,567,632 | \$625,676 | \$3,941,314 |
| 1999 | 129 | \$8,484,744 | \$970,210 | \$7,213,521 |
| 2000 | 130 | \$8,157,000 | \$1,578,411 | \$6,527,281 |
| 2001 | 133 | \$8,313,418 | \$1,470,129 | \$6,045,148 |
| 2002 | 130 | \$7,986,027 | \$1,246,811 | \$6,168,387 |
| 2003 | 116 | \$7,102,598 | \$1,424,697 | \$5,420,203 |

Data shown in *italics* is preliminary.

| |
|--|
| ALTERNATIVE FUEL DELIVERY SYSTEM CREDIT |
|--|

Statute: A.R.S. § 43-1086.02

Effective Date: For taxable years from and after 12/31/97

Repealed: To qualify for the credit, a contract for construction must have been entered into prior to 10/20/00 and construction must have begun before 11/9/00.

Provisions: A credit is allowed for construction costs or operating costs for constructing or operating an alternative fuel delivery system in Arizona that is capable of dispensing an alternative fuel to an alternative fuel vehicle. Construction costs means costs directly associated with the construction of an alternative fuel delivery system and does not include any construction costs for gasoline or diesel fuel delivery systems or adjacent buildings, landscaping or paving for areas not directly connected to the alternative fuel delivery system. Operating costs means costs directly associated with the dispensing of alternative fuel through an alternative fuel delivery system plus a reasonable charge for overhead functions. *This credit was refundable for tax year 2000 only.*

Credit: The amount of the credit is equal to 100% of the costs incurred up to a maximum of \$400,000 for an alternative fuel delivery system that is accessible to the general public or for an alternative fuel delivery system that is dispensing renewable fuel. For an alternative fuel delivery system that does not satisfy the qualifications in the previous system, the credit is 50% of the costs incurred up to a maximum of \$200,000.

Carry forward: Five years.

FOR NONREFUNDABLE CREDITS:

| | 1998 | 1999 | 2000 ¹ | 2001 | 2002 | 2003 | 2004 |
|----------------|----------|----------|-------------------|----------|------|------|------|
| # of claimants | //////// | 13 | 7 | 2 | 0 | 0 | 0 |
| # of stations | //////// | 20 | -- | --- | | | |
| Total credit | //////// | //////// | //////// | //////// | | | |
| Used | //////// | //////// | //////// | //////// | | | |
| Carry forward | //////// | //////// | //////// | //////// | | | |

The bars in the cells of the table indicate that release of data would violate confidentiality laws.

- The average Federal Adjusted Gross Income (FAGI) for taxpayers claiming the alternative fuel delivery system credit in 1999 was \$217,873.
- The average FAGI for taxpayers claiming the alternative fuel delivery system credit in 2000 was \$364,145.

FOR REFUNDABLE CREDITS:

| | 2000 | 2001 |
|-----------------|-------------|----------|
| # of claimants | 19 | 2 |
| # of stations | 20 | //////// |
| Total credit | \$2,863,157 | //////// |
| Credit refunded | \$2,863,157 | //////// |

- The average FAGI for taxpayers claiming the refundable alternative fuel delivery system credit in 2000 was \$523,998.

¹ All nonrefundable 2000 and 2001 claims are of carry forward from 1999

| |
|---|
| ALTERNATIVE FUEL VEHICLES CREDIT |
|---|

Statute: A.R.S. § 43-1086

Effective Date: For taxable years from and after 12/31/93

Repealed: To qualify for the credit, a contract or purchase order for the vehicle must have been entered into prior to 10/21/00. No refundable credit is allowed for taxable years ending after 12/31/01. The nonrefundable credit was repealed with the passage of the refundable credit language; however, the carry forward for the nonrefundable credit can still be used after 12/31/01.

Provisions: A credit is allowed for (1) purchase or lease, for a period of at least 3 years, of one or more new original equipment manufactured alternative fuel vehicles or (2) expenses incurred for converting one or more conventionally fueled vehicles to operate on an alternative fuel. *This credit was refundable for tax years 2000 and 2001 only.*

Credit: The amount of the credit is equal to:

1. For low emission vehicles 12,000 pounds or less, the greater of 30% of cost or \$5,000 if new or the greater of 15% of the cost or \$2,500 if used.
2. For an ultralow or inherently low emission vehicle, the greater of 40% of cost or \$7,500 if new or the greater of 20% of the cost or \$3,750 if used.
3. For a zero or super ultralow emission vehicle, the greater of 50% of cost or \$10,000 if new or the greater of 25% of the cost or \$5,000 if used.
4. For a used zero emission vehicle that is leased, the greater of 25% of cost or \$2,500.
5. For a low emission vehicle over 12,000 pounds, the greater of 30% of cost or \$30,000 if new or the greater of 15% of the cost or \$15,000 if used.
6. For conversion of a vehicle over 12,000 pounds, the greater of 30% of vehicle purchase price plus conversion cost or 30% of the original manufacturer's base retail price or \$30,000.
7. For purchase of converted vehicles over 12,000 pounds, the greater of 15% of cost or \$15,000.
8. For conversion of any other vehicle, the greater of 30% of vehicle purchase price plus conversion cost or 30% of the original manufacturer's base retail price of the vehicle or \$5,000.
9. For purchase of any other converted vehicle, the greater of 15% of cost or \$2,500.

This language replaced another alternative fuel vehicle credit that allowed much less credit; the previous credit was for a maximum amount of \$1,000 per vehicle

Carry forward: 10 years for the nonrefundable credit.

**FOR ALTERNATIVE FUEL VEHICLES NONREFUNDABLE CREDIT EXCEPT
NEIGHBORHOOD ELECTRIC VEHICLES:**

| | # of claimants | # of vehicles | Total credit | Used | Carry forward |
|------|----------------|---------------|--------------|-----------|---------------|
| 1995 | 24 | 14 | \$14,000 | \$11,000 | \$3,000 |
| 1996 | 35 | | \$33,050 | \$23,773 | \$9,277 |
| 1997 | 33 | | \$32,703 | \$23,409 | \$9,294 |
| 1998 | 72 | 61 | \$78,272 | \$56,864 | \$21,408 |
| 1999 | 241 | 167 | \$2,227,522 | \$727,117 | \$1,500,405 |
| 2000 | 163 | ----- | \$2,771,035 | \$364,450 | \$2,413,085 |
| 2001 | 111 | ----- | \$2,231,436 | \$199,273 | \$2,036,470 |
| 2002 | 74 | ----- | \$605,622 | \$104,771 | \$501,144 |
| 2003 | 50 | ----- | \$406,037 | \$59,406 | \$346,631 |
| 2004 | 26 | ----- | \$251,238 | \$34,972 | \$0 |

The carry forward in 2004 is zeroed out because 2004 is the last year in which any carry forward for this credit can be claimed.

- The average Federal Adjusted Gross Income (FAGI) for the taxpayers claiming the nonrefundable credit in 1998 was \$92,409.
- The average FAGI for taxpayers claiming the nonrefundable credit in 1999 was \$181,288.

INDIVIDUAL INCOME TAX

- The average FAGI for taxpayers claiming the nonrefundable credit in 2000 was \$134,789.
- The average FAGI for taxpayers claiming the nonrefundable credit in 2001 was \$123,460.
- The average FAGI for taxpayers claiming the nonrefundable credit in 2002 was \$91,643.

FOR THE REFUNDABLE CREDIT:

| | 2000 | 2001 |
|-----------------------|--------------|-------------|
| # of claimants | 4,905 | 158 |
| # of vehicles | 5,458 | 177 |
| Total credit | \$94,544,474 | \$2,694,618 |
| Used | \$13,251,856 | \$325,684 |
| Refunded | \$81,240,048 | \$2,368,934 |
| Carry forward | \$52,570 | \$0 |

- The average FAGI for taxpayers claiming the refundable credit in 2000 was \$144,169.
- The average FAGI for taxpayers claiming the refundable credit in 2001 was \$130,348.

FOR NEIGHBORHOOD ELECTRIC VEHICLES:

| | 1999 | 2000 | 2001² | 2002 | 2003 |
|-------------------------|--------------|--------------|-------------------------|-------------|--------------------|
| # of claimants | 1,207 | 4,199 | 2,612 | 1,735 | <i>1,168</i> |
| # of vehicles | 1,470 | 4,286 | ---- | --- | --- |
| Cost of vehicles | \$13,767,275 | \$37,910,902 | ---- | --- | --- |
| Credit | \$13,968,334 | \$40,162,384 | \$16,275,159 | \$9,049,067 | <i>\$5,648,559</i> |
| Used | \$7,868,830 | \$22,266,522 | \$5,716,267 | \$2,484,187 | <i>\$1,533,072</i> |
| Carry forward | \$6,099,504 | \$17,885,862 | \$10,558,892 | \$6,564,880 | <i>\$4,123,724</i> |

- The average FAGI for taxpayers claiming the credit for neighborhood electric vehicles in 1999 was \$442,341.
- The average FAGI for taxpayers claiming the credit for neighborhood electric vehicles in 2000 was \$484,419.

Data shown in *italics* is preliminary.

² All 2001 claims for nonrefundable vehicles are carry forward from 2000.

CLEAN ELECTIONS CREDIT

Statute: A.R.S. § 16-954B
Effective Date: For donations made in taxable years beginning on or after 1/1/98
Provisions: A nonrefundable credit is allowed for donations made directly to the Clean Elections Fund or a donation made on the tax return.
Credit: The credit is not to exceed 20% of the tax liability or \$550 for single filers (\$1100 for married filing jointly) whichever is greater. The maximum credit amount is adjusted biennially (per A.R.S. § 16-959A).
Carry forward: None.

| | # of claimants | Total credit | Used |
|-------------|---------------------------|---------------------|-------------|
| 1999 | 8,585 | \$546,255 | \$502,151 |
| 2000 | 23,717 | \$564,312 | \$537,345 |
| 2001 | 26,757 | \$639,427 | \$599,485 |
| 2002 | 33,470 | \$725,230 | \$688,864 |
| 2003 | 32,042 | \$746,749 | \$727,224 |
| 2004 | 32,338 | \$748,343 | \$739,774 |
| 2005 | 30,135 | \$712,495 | \$702,879 |

Data shown in *italics* is preliminary.

CONSTRUCTION MATERIALS CREDIT

Statute: A.R.S. § 43-1082
Effective Date: For taxable years from and after 12/31/94 *and ending before 1/1/00*
Repealed: Repeal date set when credit enacted.
Provisions: A nonrefundable credit is allowed for new construction materials incorporated into a qualifying facility located entirely within Arizona, construction of which is begun on or after 1/1/94 and completed on or before 12/31/99. A qualifying facility means a new building or structure, or expansion of an existing building or structure predominantly used for manufacturing, fabricating, mining, refining, metallurgical operations, direct broadcast satellite television or data transmission services or research and development and which has a total cost of construction in excess of \$5 million.
Credit: The credit is 5% of the purchase price of the materials.
Carry forward: Five years.

Claims have been recorded for this credit for tax year 1999 (4 claims), 2000 (2 claims) and 2001 (1 claim), but there are too few to release additional information.

INDIVIDUAL INCOME TAX

CONTRIBUTIONS TO CHARITIES THAT PROVIDE ASSISTANCE TO THE WORKING POOR CREDIT

Statute: A.R.S. § 43-1088

Effective Date: For taxable years from and after 12/31/97

Provisions: A nonrefundable credit is allowed for voluntary cash contributions to a qualifying charitable organization. A qualifying charitable organization means a 501(c)(3) that spends at least 50% of its budget on services to Arizona residents who receive TANF benefits or low income residents of this state and their households. Low income individuals means persons whose household income is less than 150% of the federal poverty level. The credit applies only to contributions to qualifying charitable organizations that exceed the total amount deducted on the taxpayer's Schedule A in the taxpayer's baseline year. The baseline year is the 1996 taxable year if the taxpayer had charitable contributions as itemized deductions on the Schedule A. If the taxpayer did not deduct charitable contributions on the Schedule A in 1996, the taxpayer's baseline year is the first taxable year after 1996 that charitable contributions were deducted on the Schedule A.

Credit: The credit is the amount of the voluntary cash contribution, up to \$200.

Carry forward: Five years.

| | # of claimants | Total contributions | Total credit | Used | Carry forward |
|-------------|----------------|---------------------|--------------|-------------|---------------|
| 1998 | 2,894 | \$523,501 | \$481,037 | \$476,691 | \$4,346 |
| 1999 | 6,725 | \$1,237,519 | \$1,168,515 | \$1,154,768 | \$13,747 |
| 2000 | 10,654 | \$1,897,876 | \$1,829,205 | \$1,792,123 | \$35,581 |
| 2001 | 12,538 | \$2,332,832 | \$2,257,673 | \$2,196,043 | \$41,852 |
| 2002 | 14,226 | NA | \$2,687,900 | \$2,676,900 | \$11,000 |
| 2003 | 17,467 | NA | \$3,286,100 | \$3,259,400 | \$23,700 |
| 2004 | 20,736 | NA | \$3,884,600 | \$3,851,700 | \$32,900 |
| 2005 | 23,030 | NA | \$5,935,400 | \$5,809,900 | \$44,500 |

Data shown in *italics* is preliminary.

Reported contribution amounts for credits claimed:³

| 1998 Charities | | 1999 Charities | |
|-----------------------|-----------|-----------------------------------|-----------|
| United Way | \$132,977 | United Way | \$262,172 |
| Salvation Army | \$35,877 | Salvation Army | \$84,949 |
| Habitat for Humanity | \$26,008 | St. Vincent de Paul | \$64,176 |
| St. Vincent de Paul | \$23,825 | Habitat for Humanity | \$48,870 |
| Primavera | \$15,440 | St. Mary's Food Bank | \$37,302 |
| Westside Food Bank | \$15,045 | Neighborhood Clinic | \$31,675 |
| St. Mary's Food Bank | \$13,963 | Gospel Rescue Mission | \$28,143 |
| Gospel Rescue Mission | \$10,263 | Community Food Bank | \$27,229 |
| Community Food Bank | \$7,712 | Jewish Family & Children Services | \$25,870 |
| Red Cross | \$6,776 | Westside Food Bank | \$24,749 |

³ Contribution amounts shown represent those attributable to calculating the credit and do not represent total contributions made by the taxpayers. "Other" includes those amounts where the charities were not identified.

INDIVIDUAL INCOME TAX

| 1998 Charities cont. | | 1999 Charities cont. | |
|--------------------------------------|------------------|-------------------------------------|--------------------|
| United Methodist Outreach Ministries | \$6,680 | Primavera | \$19,406 |
| Goodwill | \$6,654 | Phoenix Rescue Mission | \$16,733 |
| Other | \$222,281 | Other | \$566,245 |
| Total reported contributions | \$523,501 | Total reported contributions | \$1,237,519 |

| 2000 Charities | | 2001 Charities | |
|-------------------------------------|--------------------|-------------------------------------|--------------------|
| United Way | \$386,109 | United Way | \$417,316 |
| Salvation Army | \$120,387 | Habitat for Humanity | \$135,336 |
| St. Vincent de Paul | \$106,762 | Salvation Army | \$128,444 |
| Habitat for Humanity | \$97,624 | St. Vincent de Paul | \$100,112 |
| St. Mary's Food Bank | \$64,329 | St. Mary's Food Bank | \$95,702 |
| Jewish Family & Children Services | \$59,503 | Jewish Family & Children Services | \$70,507 |
| Neighborhood Clinic | \$48,585 | Phoenix Rescue Mission | \$58,053 |
| Community Food Bank | \$42,246 | Community Food Bank | \$54,294 |
| Westside Food Bank | \$39,939 | Westside Food Bank | \$49,158 |
| Gospel Rescue Mission | \$34,647 | Neighborhood Clinic | \$46,810 |
| Catholic Community Service | \$31,525 | Catholic Community Service | \$36,673 |
| Phoenix Rescue Mission | \$27,427 | Gospel Rescue Mission | \$34,316 |
| Other | \$838,783 | Other | \$1,106,111 |
| Total reported contributions | \$1,897,876 | Total reported contributions | \$2,332,832 |

DEFENSE CONTRACTING CREDIT

Statute: A.R.S. § 43-1077 and 1078

Effective Date: For taxable years from and after 9/30/92

Provisions: This credit is limited to companies that have been certified by the Arizona Department of Commerce as qualified defense contractors by June 30, 2001. Certification is valid for five consecutive taxable years, so no new credits can be claimed after tax year 2006. The nonrefundable credit is for a net increase in employment of qualified employees under a United States Department of Defense contract or for a net increase in private commercial employment by a qualified defense contractor due to full-time equivalent positions transferred during the taxable year from exclusively defense related activities to exclusively private commercial activities. A tax credit is also allowed for a portion of property taxes paid on class 3 (commercial or industrial) property.

Credit: For net increases in employment, the credit is \$2500 for each first year full-time equivalent position created, \$2000 for the second year, \$1500 for the third year, \$1000 for the fourth year and \$500 for the fifth year of full-time employment. The credit for property tax paid is determined first by calculating 40% of the property tax if more than 900 new full-time equivalent positions are created, 30% of property taxes for 601 to 900 positions, 20% for 301 to 600 positions and 10% for up to 300 positions. This amount is then multiplied by the percentage determined by dividing the taxpayer's total gross income from USDOD contracts apportioned to Arizona by the taxpayer's total gross income from all sources apportioned to Arizona.

Carry forward: Five years.

As of the date of this publication, no claim for the defense contracting credit has been found.

DONATION OF MOTOR VEHICLES TO WHEELS TO WORK PROGRAM CREDIT

Statute: A.R.S. § 43-1090.01
Effective Date: For taxable years from and after 12/31/98
Repealed: For donations made from and after 7/1/02
Provisions: A nonrefundable credit is allowed for the fair market value of any vehicle that is donated to the wheels to work program. The value of the vehicle is determined by the private entity.
Credit: The maximum credit is \$1,500 per vehicle.
Carry forward: None.

| | 1999 | 2000 | 2001 | 2002 |
|-----------------------|-----------|-----------|-----------|----------|
| # of claimants | 92 | 464 | 163 | 41 |
| # of vehicles | 92 | 473 | 169 | 44 |
| Average vehicle value | \$2,207 | \$2,214 | \$2,408 | \$2,420 |
| Total credit | \$121,698 | \$615,576 | \$213,200 | \$54,025 |
| Used | \$102,327 | \$549,223 | \$173,319 | \$40,261 |

EMPLOYER DEPENDENT DAY CARE CREDIT

Statute: A.R.S. § 43-1075

Effective Date: For taxable years from and after 12/31/90 *and ending before 1/1/95*

Repealed: Repeal date set when credit enacted.

Provisions: A nonrefundable credit is allowed to each taxpayer who incurs expenses for providing dependent day care services for employees of the taxpayer.

Credit: The credit is equal to the lesser of \$15,000 or 50% of the costs incurred to acquire, construct, renovate or remodel dependent day care facilities or property for dependent day care facilities OR equal to the lesser of \$5,000 or 30% of the net costs incurred by the taxpayer to operate dependent day care facilities for employees, as reimbursement or compensation for dependent day care expenses incurred by the employee, and provide information and referral services to assist the taxpayer's employees to obtain dependent day care.

Carry forward: None.

One claim has been recorded for this credit for tax year 1994 and therefore additional information cannot be released.

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|--|
| EMPLOYMENT OF TANF RECEIPIENTS CREDIT |
|--|

Statute: A.R.S. § 43-1087

Effective Date: For taxable years from and after 12/31/97

Provisions: A nonrefundable credit is allowed for net increases in qualified employment of recipients of temporary assistance for needy families who are Arizona residents. To qualify for a credit, several conditions must be met, including that all employees must reside in Arizona and be TANF recipients, must be employed full-time, must have insurance coverage if insurance coverage is offered to non-TANF employees, must be paid minimum wage or a wage comparable to that received by non-TANF employees, must have been employed for at least 90 days during the first year.

Credit: The credit is equal to 1/4 the taxable wages paid to a qualified employee, not to exceed \$500 in the 1st year of employment, 1/3 of taxable wages not to exceed \$1,000 in the 2nd year of employment and 1/2 of taxable wages not to exceed \$1,500 in the 3rd year of continuous employment.

Carry forward: Five years.

| | # of claimants | Total credit | Used | Carry forward |
|-------------|----------------|--------------|----------|---------------|
| 1998 | 1 | //////// | //////// | //////// |
| 1999 | 1 | //////// | //////// | //////// |
| 2000 | 0 | \$0 | \$0 | \$0 |
| 2001 | 0 | \$0 | \$0 | \$0 |
| 2002 | 4 | //////// | //////// | //////// |
| 2003 | 5 | //////// | //////// | //////// |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

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|-------------------------------|
| ENTERPRISE ZONE CREDIT |
|-------------------------------|

Statute: A.R.S. § 43-1074

Effective Date: For taxable years from and after 12/31/89

Provisions: A nonrefundable credit is allowed for net increases in qualified employment positions of Arizona residents by a business located in an enterprise zone, except where more than 10% of the business conducted at the location consists of selling tangible personal property at retail. (Originally this credit had no restriction on retail businesses. Then for a few years, there was complete exclusion of retail businesses.) To qualify for the credit there are a number of requirements, including an Arizona residency requirement, 35% of the employees with respect to whom a credit is claimed must reside in an enterprise zone on the date of employment, located in the same county as the business is located, the position must be at least 1,750 hours per year, etc.

Credit: The credit is equal to 1/4 the taxable wages paid to a qualified employee, not to exceed \$500 in the 1st year of employment, 1/3 of taxable wages not to exceed \$1,000 in the 2nd year of employment and 1/2 of taxable wages not to exceed \$1,500 in the 3rd year of continuous employment.

Carry forward: Five years.

| | # of claimants | Total credit | Used | Carry forward |
|------|----------------|--------------|-------------|---------------|
| 1991 | 30 | \$67,000 | \$60,000 | \$7,000 |
| 1992 | 46 | \$145,000 | \$112,000 | \$33,000 |
| 1993 | 21 | \$221,000 | \$134,000 | \$87,000 |
| 1994 | 25 | \$595,894 | \$337,581 | \$258,313 |
| 1995 | 32 | \$835,696 | \$667,005 | \$168,691 |
| 1996 | 80 | \$796,678 | \$325,542 | \$468,135 |
| 1997 | 119 | \$1,348,636 | \$717,178 | \$631,458 |
| 1998 | 134 | \$1,932,606 | \$1,196,708 | \$735,928 |
| 1999 | 179 | \$2,689,304 | \$1,560,543 | \$1,128,761 |
| 2000 | 194 | \$3,626,383 | \$2,119,890 | \$1,514,514 |
| 2001 | 217 | \$3,605,894 | \$2,168,612 | \$1,437,412 |
| 2002 | 138 | \$2,117,976 | \$1,412,718 | \$775,248 |
| 2003 | 172 | \$2,245,963 | \$1,346,363 | \$836,201 |

ENVIRONMENTAL TECHNOLOGY FACILITY CREDIT

Statute: A.R.S. § 43-1080

Effective Date: For taxable years from and after 12/31/92

Provisions: A nonrefundable credit is allowed for expenses incurred in constructing a qualified technology manufacturing, producing or processing facility. The facility must be either owned by the manufacturer, producer or processor, or leased for a term of five years or more. The facility must be used predominantly to do a variety of things (set out in statute) that involve recycled materials or renewable energy. The facility must cost an aggregate of at least \$20 million of new capital investment in Arizona within five years after construction begins or commencement of installation of improvements.

Credit: The credit is equal to 10% of the amount spent during the taxable year to construct the facility, including land acquisition, improvements, building improvements, machinery and equipment, but not exceeding 75% of the tax liability.

Carry forward: Fifteen years.

As of the date of this publication, no claim for the environmental technology facility credit has been found.

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|---------------------------------|
| FAMILY INCOME TAX CREDIT |
|---------------------------------|

Statute: A.R.S. § 43-1073

Effective Date: For taxable years from and after 12/31/95

Provisions: The family income tax credit is a nonrefundable credit for taxpayers below certain income levels, with differing amounts for different household sizes.

Credit: The credit is \$40 per person in the household, not to exceed \$240 for married taxpayers filing joint returns or unmarried head of household filers and \$120 for taxpayers filing single or married filing separate returns. For taxpayers filing single or married filing separately, income must be less than or equal to \$10,000 to take the credit.

1. For taxpayers filing single or married filing separately, income⁴ must be less than or equal to \$10,000 to take the credit.

2. For married taxpayers filing joint

- a. with one dependent, the income threshold is \$20,000.
- b. with two dependents, the income threshold is \$23,600.
- c. with three dependents, the income threshold is \$27,300.
- d. with four or more dependents, the income threshold is \$31,000.

3. For taxpayers filing as unmarried head of household,

- a. with one dependent, the income threshold is \$20,000.
- b. with two dependents, the income threshold is \$20,135.
- c. with three dependents, the income threshold is \$23,800.
- d. with four dependents, the income threshold is \$25,200.
- e. with five or more dependents, the income threshold is \$26,575.

Carry forward: None.

| | # of claimants | Total credit | Used |
|-------------|-----------------------|---------------------|--------------------|
| 1995 | 340,844 | \$20,600,000 | \$5,150,000 |
| 1996 | 340,790 | \$20,526,564 | \$5,071,340 |
| 1997 | 345,223 | \$20,483,252 | \$4,637,593 |
| 1998 | 312,768 | \$27,669,951 | \$7,390,406 |
| 1999 | 327,974 | \$28,374,663 | \$7,925,721 |
| 2000 | 335,253 | \$28,924,670 | \$7,799,840 |
| 2001 | 402,094 | \$33,377,585 | \$7,356,939 |
| 2002 | 427,798 | \$36,064,781 | \$7,382,178 |
| 2003 | 417,451 | \$35,068,208 | \$7,445,937 |
| 2004 | 425,484 | \$35,617,953 | \$7,709,270 |
| 2005 | <i>417,996</i> | <i>\$35,051,721</i> | <i>\$7,467,680</i> |

Data shown in *italics* is preliminary.

⁴ Income is defined as Arizona adjusted gross income plus any subtractions taken which reduced Federal Adjusted Gross Income.

| |
|--|
| INCOME TAXES PAID TO OTHER STATES OR COUNTRIES CREDIT |
|--|

Statute: A.R.S. § 43-1071

Effective Date: For taxable years from and after 1/01/35

Provisions: Residents are allowed a nonrefundable credit against income tax imposed in Arizona for net income taxes imposed by and paid to another state or country on income taxable in Arizona. The credit is available if the taxpayer is paying a net income tax to certain states and the tax owed to Arizona and the other state or country must be charged on the same income.

Credit: The credit is the amount of tax paid to the other state on the same income taxable in Arizona.

Carry forward: None.

| | # of claimants | Total credit | Used |
|-------------|---------------------------|---------------------|--------------|
| 1995 | 22,496 | \$29,203,587 | \$29,203,587 |
| 1996 | 23,379 | \$40,570,806 | \$40,570,806 |
| 1997 | 25,325 | \$42,910,138 | \$42,910,138 |
| 1998 | 25,794 | \$53,091,928 | \$53,091,928 |
| 1999 | 26,317 | \$51,433,659 | \$51,433,659 |
| 2000 | 27,831 | \$57,403,404 | \$57,403,404 |
| 2001 | 29,007 | \$58,777,258 | \$58,777,258 |
| 2002 | 24,909 | \$52,843,508 | \$52,843,508 |
| 2003 | 25,722 | \$62,484,651 | \$62,484,651 |
| 2004 | 29,463 | \$78,932,829 | \$78,932,829 |
| 2005 | 25,735 | \$53,975,099 | \$53,975,099 |

Data shown in *italics* is preliminary.

INCREASED EXCISE TAXES PAID CREDIT

Statute: A.R.S. § 43-1072.01

Effective Date: For taxable years from and after 12/21/00

Provisions: A *refundable* credit is allowed against income tax imposed to mitigate the increase in transaction privilege tax rates for education. The claimant must meet certain income thresholds to qualify for the credit: federal adjusted gross income of \$25,000 or less for a married couple or a single person who is head of a household, or \$12,500 for a single person or a married person filing separately.

Credit: The credit shall not exceed \$25 for each person who is a resident of Arizona and for whom a personal or dependent exemption is allowed. The credit shall not be more than \$100 for all persons in a household.

| | # of claimants | Total credit | Used |
|-------------|---------------------------|---------------------|---------------------|
| 2001 | 428,189 | \$22,612,548 | \$22,612,548 |
| 2002 | 529,265 | \$28,403,741 | \$28,403,741 |
| 2003 | 548,831 | \$29,581,905 | \$29,581,905 |
| 2004 | 551,038 | \$29,630,205 | \$29,630,205 |
| 2005 | <i>503,904</i> | <i>\$27,033,899</i> | <i>\$27,033,899</i> |

Data shown in *italics* is preliminary.

MILITARY REUSE ZONE CREDIT

Statute: A.R.S. § 43-1079

Effective Date: For taxable years from and after 12/31/92 (although no military reuse zones were designated until 1996)

Provisions: A nonrefundable credit is allowed for net increases in employment of full-time employees working in a military reuse zone, and who are primarily engaged in providing aviation or aerospace services or in manufacturing, assembling or fabricating aviation or aerospace products. A credit is also allowed for dislocated military base employees, which are civilians who previously had permanent full-time civilian employment on the military facility as of the date the closure of the facility was determined under federal law.

Credit: For each employee that is not a dislocated military base employee, the credit is \$500 in the 1st year of employment and increases in \$500 increments until it reaches \$2500 in the 5th year of employment. For dislocated military base employees, the credit amount starts at \$1,000 in the 1st year of employment and increases in \$500 increments each year until it reaches \$3,000 in the 5th year of employment.

Carry forward: Five years.

One claim has been recorded for this credit in both tax years 1996 and 1997, but there are too few to release additional information.

POLLUTION CONTROL DEVICE CREDIT

Statute: A.R.S. § 43-1081

Effective Date: For taxable years from and after 12/31/94

Provisions: A nonrefundable credit is allowed for expenses incurred to purchase real or personal property that is used in the taxpayer's trade or business in Arizona to control or prevent pollution. Property that qualifies includes that portion of a structure, building, installation, excavation, machine, equipment or device and any attachment or addition to or reconstruction, replacement or improvement of that property that is directly used, constructed or installed for the purposes of meeting rules or regulations adopted by the U.S. Environmental Protection Agency, the Department of Environmental Quality or a political subdivision to prevent, monitor, control or reduce air, water or land pollution.

Credit: The amount of the credit is equal to the lesser of 10% of the purchase price or \$500,000. In 1995 and 1996, the credit was capped at \$750,000.

Carry forward: Five years.

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|----------------|------|------|----------|----------|----------|----------|----------|----------|
| # of claimants | 0 | 0 | 1 | 5 | 6 | 4 | 18 | 13 |
| Total credit | \$0 | \$0 | //////// | //////// | //////// | //////// | \$31,624 | \$18,562 |
| Used | \$0 | \$0 | //////// | //////// | //////// | //////// | \$31,624 | \$18,525 |
| Carry forward | \$0 | \$0 | //////// | //////// | //////// | //////// | \$0 | \$37 |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

| |
|---|
| PRIVATE SCHOOL TUITION ORGANIZATION CREDIT |
|---|

Statute: A.R.S. § 43-1089

Effective Date: For taxable years from and after 12/31/97

Provisions: A nonrefundable credit is allowed for cash contributions to a school tuition organization. A school tuition organization is a 501(c)(3) that allocates at least 90% of its revenue for scholarships to children to allow them to attend any qualified school of their parents choice. The school tuition organization cannot limit availability of scholarships to only one school. A qualified school is a primary or secondary school.

Credit: The credit is equal to the cash contribution, not to exceed \$625 for married filing joint filers and \$500 for all other filing statuses.

Carry forward: Five years.

| | # of STOs ⁵ reporting donations | # of donors reported | Donations reported | # of STOs reporting scholarships | # of scholarships reported | Scholarships reported |
|------|--|----------------------------|-----------------------|--|----------------------------------|--------------------------|
| 1998 | 16 | 4,248 | \$1,815,798 | 5 | 244 | \$135,170 |
| 1999 | 32 | 32,023 | \$13,781,341 | 18 | 3,713 | \$2,415,181 |
| 2000 | 37 | 38,249 | \$17,701,284 | 32 | 15,377 | \$13,653,685 |
| 2001 | 43 | 46,755 | \$24,924,656 | 39 | 18,100 | \$16,212,065 |
| 2002 | 42 | 52,161 | \$26,171,191 | 41 | 19,568 | \$22,369,775 |
| 2003 | 51 | 58,122 | \$29,445,494 | 51 | 20,138 | \$24,538,237 |
| 2004 | 53 | 63,830 | \$31,871,900 | 53 | 21,146 | \$28,201,770 |
| 2005 | 54 | 69,234 | \$42,192,973 | 54 | 22,222 | \$30,863,153 |

⁵ School Tuition Organizations

INDIVIDUAL INCOME TAX

PROPERTY TAX CREDIT

Statute: A.R.S. § 43-1072

Effective Date: For property taxes accrued during calendar years from and after 1974

Provisions: This is a *refundable* credit for property taxes accrued or rent, or both, paid in that taxable year if certain conditions are met. The claimant must be at least 65 years of age or is a recipient of public monies under Title 16 of the social security act. The claimant paid either property taxes or rent during the taxable year. The person did not live with a spouse or any other persons and had an income from all sources in the taxable year of less than \$3,750, or lived with a spouse or other people and the combined income from all sources in the taxable year of all persons residing in the residence was less than \$5,001.

Credit: The credit allowed is the amount of property taxes paid or the amount from the table below setting out the maximum credit by income range.

| Household Income (Living Alone) | Household Income (Living With Others) | Tax Credit |
|------------------------------------|--|------------|
| \$0 - \$1,750 | \$0 - \$2,500 | \$502 |
| \$1,751 - \$1,850 | \$2,501 - \$2,650 | \$479 |
| \$1,851 - \$1,950 | \$2,651 - \$2,800 | \$457 |
| \$1,951 - \$2,050 | \$2,801 - \$2,950 | \$435 |
| \$2,051 - \$2,150 | \$2,951 - \$3,100 | \$412 |
| \$2,151 - \$2,250 | \$3,101 - \$3,250 | \$390 |
| \$2,251 - \$2,350 | \$3,251 - \$3,400 | \$368 |
| \$2,351 - \$2,450 | \$3,401 - \$3,550 | \$345 |
| \$2,451 - \$2,550 | \$3,551 - \$3,700 | \$323 |
| \$2,551 - \$2,650 | \$3,701 - \$3,850 | \$301 |
| \$2,651 - \$2,750 | \$3,851 - \$4,000 | \$279 |
| \$2,751 - \$2,850 | \$4,001 - \$4,150 | \$256 |
| \$2,851 - \$2,950 | \$4,151 - \$4,300 | \$234 |
| \$2,951 - \$3,050 | \$4,301 - \$4,450 | \$212 |
| \$3,051 - \$3,150 | \$4,451 - \$4,600 | \$189 |
| \$3,151 - \$3,250 | \$4,601 - \$4,750 | \$167 |
| \$3,251 - \$3,350 | \$4,751 - \$4,900 | \$145 |
| \$3,351 - \$3,450 | \$4,901 - \$5,050 | \$123 |
| \$3,451 - \$3,550 | \$5,051 - \$5,200 | \$100 |
| \$3,551 - \$3,650 | \$5,201 - \$5,350 | \$78 |
| \$3,651 - \$3,750 | \$5,351 - \$5,500 | \$56 |

| | # of claimants | Total credit | Used |
|-------------|-------------------|--------------|-------------|
| 1995 | 22,091 | \$6,342,285 | \$6,342,285 |
| 1996 | 19,983 | \$5,819,917 | \$5,819,917 |
| 1997 | 18,644 | \$5,581,477 | \$5,581,477 |
| 1998 | 17,237 | \$5,290,628 | \$5,290,628 |
| 1999 | 15,862 | \$4,987,796 | \$4,987,796 |
| 2000 | 14,593 | \$4,653,837 | \$4,653,837 |
| 2001 | 15,218 | \$5,015,318 | \$5,015,318 |
| 2002 | 14,991 | \$5,106,544 | \$5,106,544 |
| 2003 | 15,028 | \$5,301,879 | \$5,301,879 |
| 2004 | 14,768 | \$5,237,022 | \$5,237,022 |
| 2005 | 13,311 | \$4,760,771 | \$4,760,771 |

Data shown in *italics* is preliminary.

PUBLIC SCHOOL EXTRA CURRICULAR ACTIVITY FEE CREDIT

Statute: A.R.S. § 43-1089.01

Effective Date: For taxable years from and after 12/31/97

Provisions: A nonrefundable credit is allowed for the amount of any fees paid to a public school located in Arizona for the support of extra curricular activities or to pay for character education.

Credit: The credit is equal to the cash contribution, not to exceed \$250 for married filing joint filers and \$200 for all other filing statuses.

Carry forward: Five years.

| | # of claimants | Total credit | Used |
|-------------|---------------------------|---------------------|--------------|
| 1998 | 74,242 | \$8,990,042 | \$8,990,042 |
| 1999 | 109,748 | \$14,775,353 | \$14,775,353 |
| 2000 | 149,215 | \$17,526,299 | \$17,526,299 |
| 2001 | 166,468 | \$20,004,715 | \$20,004,715 |
| 2002 | 143,697 | \$22,455,129 | \$22,455,129 |
| 2003 | 201,407 | \$27,753,764 | \$27,753,764 |
| 2004 | 213,987 | \$30,958,872 | \$30,958,872 |
| 2005 | 214,664 | \$35,260,459 | \$35,260,459 |

| |
|-----------------------------------|
| RECYCLING EQUIPMENT CREDIT |
|-----------------------------------|

Statute: A.R.S. § 43-1076

Effective Date: For taxable years from and after 12/31/92

Repealed: For taxable years beginning on or after 1/1/03 but does not affect any tax credit carry forward that had already accrued.

Provisions: A nonrefundable credit is allowed to a taxpayer that places recycling equipment in service in Arizona. Recycling equipment is defined as new or used equipment purchased during the tax year and used exclusively to process post-consumer select solid waste materials and manufacturing machinery used exclusively to produce finished products, the composition of which is at least 25% post-consumer select solid waste materials. Select solid waste means paper, plastic, scrap metal and iron, glass and rubber.

Credit: The amount of the credit is equal to 10% of the installed cost of the equipment. The credit may not exceed 25% of the tax liability for the tax year or \$5,000.

Carry forward: Fifteen years.

| | # of claimants | Total credit | Used | Carry forward |
|------|----------------|--------------|----------|---------------|
| 1993 | 0 | \$0 | \$0 | \$0 |
| 1994 | 5 | //////// | //////// | //////// |
| 1995 | 6 | //////// | //////// | //////// |
| 1996 | 2 | //////// | //////// | //////// |
| 1997 | 5 | \$17,757 | \$7,007 | \$10,750 |
| 1998 | 5 | //////// | //////// | //////// |
| 1999 | 3 | //////// | //////// | //////// |
| 2000 | 6 | \$26,303 | \$4,605 | \$21,698 |
| 2001 | 6 | \$9,309 | \$2,928 | \$6,381 |
| 2002 | 5 | \$7,945 | \$3,267 | \$4,678 |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

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|--|
| RESEARCH & DEVELOPMENT CREDIT |
|--|

Statute: A.R.S. § 43-1074.01

Effective Date: For taxable years from and after 12/31/00

Provisions: This nonrefundable credit is for research and development expenses.

Credit: The credit is computed as follows:

1. Add the excess of qualified research expenses for the taxable year over the base amount, to the basic research payments determined.

2. If the sum is less than or equal to \$2.5 million, the credit is 20% or a maximum of \$500,000.

3. If the sum is greater than \$2.5 million, the credit is \$500,000 plus 11% of the amount exceeding \$2.5 million, except,

a. For taxable years beginning from and after 12/31/00 through 12/31/01, the credit shall not exceed \$1.5 million

b. For taxable years beginning from and after 12/31/01 through 12/31/02, the credit shall not exceed \$2.5 million.

Credit carry forward from taxable years beginning before 1/1/03 that can be used in a year may be limited. The carry forward amount from the specified tax years must be less than or equal to the lesser of tax liability less current year credit (thereby zeroing out liability) or the difference between \$500,000 and the current year credit.

Carry forward: Fifteen years.

| | 2001 | 2002 | 2003 | 2004 |
|-----------------------|-----------|-----------|-----------|-------------|
| # of claimants | 44 | 76 | 63 | 65 |
| Total credit | \$614,238 | \$684,058 | \$920,233 | \$793,843 |
| Used | \$465,524 | \$484,138 | \$338,204 | \$1,025,184 |
| Carry forward | \$148,714 | \$199,920 | \$574,142 | \$588,217 |

SCHOOL SITE DONATION CREDIT

Statute: A.R.S. § 43-1089.02

Effective Date: For taxable years from and after 12/31/00

Provisions: A nonrefundable credit is allowed for donation of real property and improvements to a school district or a charter school for use as a school or as a site for the construction of a school. To qualify for the credit, the real property and improvements must be in Arizona, must be conveyed unencumbered and in fee simple, except that the property shall only be used as a school or construction site for a school.

Credit: The amount of the credit is 30% of the value of real property and improvements donated by the taxpayer to a school district or charter school.

Carry forward: Five years.

| | # of claimants | Value of donated property | Total credit | Used | Carry forward |
|-------------|----------------|---------------------------|--------------|-------------|---------------|
| 2001 | 51 | \$20,377,400 | \$4,380,699 | \$2,869,356 | \$1,518,424 |
| 2002 | 66 | \$11,176,500 | \$3,711,546 | \$2,380,444 | \$1,697,036 |
| 2003 | 31 | \$8,168,000 | \$1,136,287 | \$561,908 | \$386,963 |

Data shown in *italics* is preliminary

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|-----------------------------------|
| SOLAR ENERGY DEVICE CREDIT |
|-----------------------------------|

Statute: A.R.S. § 43-1083

Effective Date: For taxable years from and after 12/31/94

Provisions: A nonrefundable credit is allowed for each resident who is not a dependent of another taxpayer for installing a solar energy device in the taxpayer's Arizona residence. Solar energy device means a system or series of mechanisms designed primarily to provide heating, to provide cooling, to produce electrical power, to produce mechanical power, to provide solar daylighting or to provide any combination thereof by means of collecting and transferring solar energy into such uses either by passive or active means.

Credit: The amount of the credit is 25% of the cost of the device, not to exceed \$1000.

Carry forward: Five years.

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| # of claimants | 1,924 | 1,632 | 1,827 | 2,175 | 2,877 | 2,660 |
| Total credit | \$655,000 | \$534,174 | \$550,128 | \$728,291 | \$997,463 | \$935,627 |
| Used | \$593,000 | \$512,838 | \$524,600 | \$691,218 | \$917,941 | \$924,231 |
| Carry forward | \$63,000 | \$66,634 | \$103,893 | \$103,511 | \$149,976 | \$141,204 |

| | 2001 | 2002 | 2003 |
|-----------------------|-----------|-----------|-----------|
| # of claimants | 2,330 | 2,303 | 962 |
| Total credit | \$901,836 | \$775,830 | \$456,345 |
| Used | \$868,225 | \$977,721 | \$402,796 |
| Carry forward | \$135,943 | \$119,708 | \$81,451 |

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|---|
| SOLAR HOT WATER HEATER PLUMBING STUB OUTS AND ELECTRIC VEHICLE RECHARGE OUTLETS CREDIT |
|---|

Statute: A.R.S. § 43-1090

Effective Date: For taxable years from and after 12/31/97

Provisions: A nonrefundable credit is allowed for costs incurred of installing or including in one or more houses or dwelling units in Arizona and constructed by the taxpayer, one or more:

1. Solar hot water plumbing stub outs. The stub out must include two insulated 3/4 inch copper pipes and at least two pairs of wire for monitoring or controlling purposes. The stub out must also be located and configured to allow sufficient solar access and exposure and to allow ready installation of solar water heating devices.

2. Electric vehicle recharge outlets. The outlet must be connected to the utility system by a dedicated line that is capable of operating at normal secondary voltages, meets applicable building codes and is commensurate and consistent with electric vehicle recharging needs and methods.

Credit: The credit cannot exceed \$75 for each installation for each separate house or dwelling unit. The credit may be transferred from the builder to the purchaser of the house or dwelling unit.

Carry forward: Five years.

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|----------------|----------|----------|----------|----------|---------|
| # of claimants | 23 | 35 | 35 | 18 | 15 |
| Total credit | \$12,352 | \$16,859 | \$21,308 | \$16,951 | \$4,920 |
| Used | \$8,874 | \$7,944 | \$11,566 | \$7,804 | \$3,312 |
| Carry forward | \$3,478 | \$8,915 | \$9,742 | \$9,147 | \$1,608 |

| | 2003 | 2004 |
|----------------|----------|----------|
| # of claimants | 2 | 12 |
| Total credit | //////// | \$14,646 |
| Used | //////// | \$5,348 |
| Carry forward | //////// | \$9,298 |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws.

| |
|--------------------------------------|
| SUMMER SCHOOL AND JOBS CREDIT |
|--------------------------------------|

Statute: Laws 1995, HB2227, Chapter 236 and Laws 1996, SB1047, Chapter 309
Effective Date: For taxable years beginning from and after 12/31/94 *through* 12/31/96
Repealed: Repeal date set when credit enacted.
Provisions: A nonrefundable credit is allowed for qualifying employers for the amount of wages paid by the employer to students who are enrolled in summer school half days and employed by the qualified employer during the other half of the day.
Credit: The maximum credit equaled half of the wage paid to the student up to a maximum of \$3 per hour, with a maximum of 20 hours of work per week.
Carry forward: None.

| | 1995 | 1996 |
|----------------|----------------------|-------|
| # of claimants | 2 | 3 |
| Total credit | //////////////////// | \$837 |
| Used | //////////////////// | \$837 |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

TECHNOLOGY TRAINING CREDIT

Statute: A.R.S. § 43-1088.01
Effective Date: For taxable years from and after 12/31/00 *and ending before 1/1/06*
Repealed: Repeal date set when credit enacted.
Provisions: A *refundable* credit is allowed for providing technological skills training to not more than 20 of the taxpayer's employees.
Credit: The credit is equal to 50% of the amount actually spent during the taxable year for the cost of the training, but not more than \$1500 per employee. The total amount of credits that can be granted (through a Department of Commerce certification program) is \$2.5 million.

Claims have been recorded for this credit for tax year 2001 (2 claims) and 2002 (1 claim), but there are too few to release additional information.

UNDERGROUND STORAGE TANKS CREDIT

Statute: A.R.S. § 43-1085
Effective Date: For taxable years from and after 12/31/93
Repealed: The legislation repealing this credit had a general effective date of August 25, 2004.
Provisions: A nonrefundable credit is allowed for expenses incurred by an individual or taxpayer who is not liable or responsible for a corrective action as an owner or operator of an underground storage tank, for corrective actions taken with respect to the release of a regulated substance from an underground storage tank.
Credit: The credit is equal to 10% of the amount spent to take any corrective action certified by the Arizona Department of Environmental Quality.
Carry forward: None.

Three claims have been recorded for this credit for tax year 1994, but there are too few to release additional information.

| |
|---|
| VEHICLE REFUELING APPARATUS CREDIT |
|---|

Statute: A.R.S. § 43-1086.01

Effective Date: For taxable years from and after 12/31/98

Provisions: A refundable credit is allowed for the purchase of a vehicle refueling apparatus, including storage tanks, for installation on one or more properties in Arizona for the taxpayer's use. Vehicle refueling apparatus means either a maximum 10 to 15 standard cubic feet per minute natural gas compression appliance used for slow fill, on-site refueling or equipment necessary to provide an electric charge for an electric vehicle. Prior to 1/01/00, this credit was not refundable.

Repealed: To qualify for the credit, the vehicle refueling apparatus must be installed on or before 12/31/00 or the taxpayer has paid in full for the vehicle refueling apparatus before 11/9/00.

Credit: The credit is the cost of the vehicle refueling apparatus. The nonrefundable credit was equal to the greater of \$2000 or the cost of the vehicle refueling apparatus.

Carry forward: Five years.

| NONREFUNDABLE | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|------------------|-----------|-----------|----------|----------|----------|----------|
| # of claimants | 77 | 127 | 21 | 8 | 3 | 1 |
| # of apparatuses | 82 | ---- | --- | --- | --- | --- |
| Total credit | \$205,568 | \$297,382 | \$37,953 | \$18,519 | \$11,872 | //////// |
| Used | \$101,753 | \$238,339 | \$16,440 | \$3,531 | \$8,960 | //////// |
| Carry forward | \$103,815 | \$59,243 | \$21,513 | \$14,988 | \$2,912 | \$0 |

The 2000 claims should be only carry forward from 1999 claims. However, at least 75 of these taxpayers filed the credit on the nonrefundable form rather than the refundable credit form. Since they had sufficient liability to offset the credit, they were not contacted to file an amended return.

- The average Federal Adjusted Gross Income (FAGI) for taxpayers claiming the vehicle refueling apparatus credit in 1999 was \$269,409.
- The average FAGI for taxpayers claiming the vehicle refueling apparatus credit in 2000 was \$555,372.

| REFUNDABLE | 2000 | 2001 |
|------------------|-------------|----------|
| # of claimants | 676 | 12 |
| # of apparatuses | 749 | 4 |
| Total credit | \$3,204,789 | \$33,750 |
| Used | \$364,288 | \$25,456 |
| Refunded | \$2,840,501 | \$8,294 |
| Carry forward | \$0 | \$0 |

- The average FAGI for taxpayers claiming the refundable vehicle refueling apparatus credit in 2000 was \$337,236
- The average FAGI for taxpayers claiming the refundable vehicle refueling apparatus credit in 2001 was \$297,572.

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| AGRICULTURAL POLLUTION CONTROL EQUIPMENT CREDIT |
|--|

Statute: A.R.S. § 43-1170.01

Effective Date: For taxable years from and after 12/31/98

Provisions: A nonrefundable credit is allowed for expenses that a taxpayer (involved in the commercial production of livestock, livestock products or agricultural, horticultural, viticultural or floricultural crops or products) incurs to purchase tangible personal property that is primarily used in the taxpayer's trade or business in Arizona to control or prevent pollution. Property that qualifies for this credit includes the portion of a structure, building, installation, excavation, machine, equipment or device and any attachment or addition or reconstruction, replacement or improvement of that property that is directly used, constructed or installed to prevent, monitor, control or reduce air, water or land pollution.

Credit: The credit is equal to 25% of the cost of the real or personal property, not to exceed \$25,000.

Carry forward: Five years.

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------------------------|----------|----------|----------|----------|----------|----------|
| # of claims | //////// | //////// | //////// | //////// | //////// | //////// |
| Credit available | //////// | //////// | //////// | //////// | //////// | //////// |
| Credit used | //////// | //////// | //////// | //////// | //////// | //////// |
| Carry forward | //////// | //////// | //////// | //////// | //////// | //////// |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws.

AGRICULTURAL PRESERVATION DISTRICT CREDIT

Statute: A.R.S. § 43-1180
Effective Date: For taxable years from and after 12/31/00 *and ending before 1/1/06*
Repealed: Repeal date set when credit enacted.
Provisions: A *refundable* credit is allowed for a taxpayer who owns property classified as Class Two property (agricultural) and who conveys ownership or development rights to an agricultural preservation district. No district can award credits exceeding \$10 million.
Credit: The amount of the credit is either the appraised value of the property if the taxpayer conveys ownership to the district or the difference between the appraised value of the undeveloped land and the appraised value of the land for development purposes if the taxpayer conveys the development rights of the property to the district. No credit in a calendar year can exceed \$33,000.

At this point, no claims for this credit have been found.

| |
|--|
| AGRICULTURAL WATER CONSERVATION SYSTEM CREDIT |
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Statute: A.R.S. § 43-1172

Effective Date: For taxable years from and after 12/31/93

Repealed: Effective 1/1/00

Provisions: A nonrefundable credit is allowed for expenses incurred during the taxable year to purchase and install an agricultural water conservation system in Arizona. The system must be primarily designed to substantially conserve water on land used to (1) produce crops, fruits or other agricultural products, (2) raise, harvest or grow trees, or (3) sustain livestock. The expense must be consistent with a conservation plan filed and in effect with the United States Department of Agriculture Soil Conservation Service.

Credit: The credit is equal to 75% of the qualifying expenses.

Carry forward: Five years.

| Tax Year | # of claimants | Qualifying expenses | New Credit | Carry forward | Used | New Carry forward |
|----------|----------------|---------------------|------------|---------------|------------|-------------------|
| 1994 | 5 | \$209,504 | \$147,276 | ----- | \$35,531 | \$111,745 |
| 1995 | 5 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 1996 | 4 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 1997 | 3 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 1998 | 6 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 1999 | 9 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 2000 | 6 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 2001 | 5 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 2002 | 5 | ----- | ----- | ////////// | ////////// | ////////// |
| 2003 | 3 | ----- | ----- | ////////// | ////////// | ////////// |
| 2004 | 2 | ----- | ----- | ////////// | ////////// | ////////// |

The only year for which dollar amounts can be released is 1994. In the remaining years, noted by the bars in the table cells, there is a dominant taxpayer which keeps any information, other than claimant count, from being released.

- Since the creation of this credit, 17 taxpayers have claimed it.

| |
|--|
| ALTERNATIVE FUEL DELIVERY SYSTEM CREDIT |
|--|

Statute: A.R.S. § 43-1174.02

Effective Date: For taxable years from and after 12/31/97

Repealed: To qualify for the credit, a contract for construction must have been entered into prior to 10/20/00 and construction must have begun before 11/9/00.

Provisions: A credit is allowed for construction costs or operating costs for constructing or operating an alternative fuel delivery system in Arizona that is capable of dispensing an alternative fuel to an alternative fuel vehicle. Construction costs means costs directly associated with the construction of an alternative fuel delivery system and does not include any construction costs for gasoline or diesel fuel delivery systems or adjacent buildings, landscaping or paving for areas not directly connected to the alternative fuel delivery system. Operating costs means costs directly associated with the dispensing of alternative fuel through an alternative fuel delivery system plus a reasonable charge for overhead functions. *This credit was refundable for tax year 2000 only.*

Credit: The amount of the credit is equal to 100% of the costs incurred up to a maximum of \$400,000 for an alternative fuel delivery system that is accessible to the general public or for an alternative fuel delivery system that is dispensing renewable fuel. For an alternative fuel delivery system that does not satisfy the qualifications in the previous system, the credit is 50% of the costs incurred up to a maximum of \$200,000.

Carry forward: Five years.

| NONREFUNDABLE | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------------------------------|-------------|-------------|----------------|-------------|-------------|-------------|-------------|
| # of claimants | 3 | 8 | 5 ⁶ | 3 | 3 | 2 | 1 |
| Construction cost | \$887,709 | \$2,318,941 | ---- | ---- | ---- | ---- | ---- |
| Operating cost | \$400,285 | \$894,067 | ---- | ---- | ---- | ---- | ---- |
| Credit | \$1,287,994 | \$2,186,788 | ---- | ---- | ---- | ---- | ---- |
| Total credit | \$1,287,994 | \$2,441,075 | \$1,998,651 | \$642,337 | \$457,906 | //////// | //////// |
| Used against liability | \$1,083,345 | \$1,377,215 | \$1,167,282 | \$184,431 | \$1,039 | //////// | //////// |
| Carry forward | \$204,649 | \$1,063,860 | \$831,369 | \$457,906 | \$456,867 | //////// | //////// |

➤ Since the creation of this credit, eight taxpayers have claimed it.

| REFUNDABLE | 2000 | 2001 |
|-------------------------------|-------------|-------------|
| # of claimants | 5 | 0 |
| # of stations | 27 | |
| Construction cost | \$679,992 | |
| Operating cost | \$0 | |
| Credit | \$679,992 | |
| Total credit | \$679,992 | |
| Used against liability | \$314,676 | |
| Refunded | \$363,316 | |
| Carry forward | \$0 | |

⁶ All claims after 1999 are for carry forward.

| |
|---|
| ALTERNATIVE FUEL VEHICLES CREDIT |
|---|

Statute: A.R.S. § 43-1174

Effective Date: For taxable years from and after 12/31/93

Repealed: To qualify for the credit, a contract or purchase order for the vehicle must have been entered into prior to 10/21/00. No refundable credit is allowed for taxable years ending after 12/31/01. The nonrefundable credit was repealed with the passage of the refundable credit language; however, the carry forward for the nonrefundable credit can still be used after 12/31/01.

Provisions: A credit is allowed for (1) purchase or lease, for a period of at least 3 years, of one or more new original equipment manufactured alternative fuel vehicles or (2) expenses incurred for converting one or more conventionally fueled vehicles to operate on an alternative fuel *This credit was refundable for tax years 2000 and 2001 only.*

Credit: The amount of the credit is equal to:

1. For low emission vehicles 12,000 pounds or less, the greater of 30% of cost or \$5,000 if new or the greater of 15% of the cost or \$2,500 if used.
2. For an ultralow or inherently low emission vehicle, the greater of 40% of cost or \$7,500 if new or the greater of 20% of the cost or \$3,750 if used.
3. For a zero or super ultralow emission vehicle, the greater of 50% of cost or \$10,000 if new or the greater of 25% of the cost or \$5,000 if used.
4. For a used zero emission vehicle that is leased, the greater of 25% of cost or \$2,500.
5. For a low emission vehicle over 12,000 pounds, the greater of 30% of cost or \$30,000 if new or the greater of 15% of the cost or \$15,000 if used.
6. For conversion of a vehicle over 12,000 pounds, the greater of 30% of vehicle purchase price plus conversion cost or 30% of the original manufacturer's base retail price or \$30,000.
7. For purchase of converted vehicles over 12,000 pounds, the greater of 15% of cost or \$15,000.
8. For conversion of any other vehicle, the greater of 30% of vehicle purchase price plus conversion cost or 30% of the original manufacturer's base retail price of the vehicle or \$5,000.
9. For purchase of any other converted vehicle, the greater of 15% of cost or \$2,500.

This language replaced another alternative fuel vehicle credit that allowed much less credit; the previous credit was for a maximum amount of \$1,000 per vehicle

Carry forward: 5 years for the nonrefundable alternative fuel vehicle and 10 years for the nonrefundable neighborhood electric vehicle credit.

FOR NONREFUNDABLE ALTERNATIVE FUEL VEHICLES EXCEPT NEIGHBORHOOD ELECTRIC VEHICLES:

| Tax Year | # of claimants | # of vehicles | New credit | Total credit | Used | Carry forward |
|----------|----------------|---------------|-------------|--------------|------------|---------------|
| 1994 | 2 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 1995 | 4 | 61 | \$61,000 | \$61,000 | \$61,000 | \$0 |
| 1996 | 1 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 1997 | 4 | 6 | \$6,200 | \$11,150 | \$4,805 | \$6,345 |
| 1998 | 12 | 93 | \$114,713 | \$190,258 | \$36,231 | \$154,027 |
| 1999 | 24 | 103 | \$1,324,268 | \$1,402,495 | \$283,160 | \$1,119,335 |
| 2000 | 13 | 6 | \$146,188 | \$1,116,853 | \$342,351 | \$774,502 |
| 2001 | 7 | ----- | ----- | \$740,566 | \$2,882 | \$737,674 |
| 2002 | 7 | ----- | ----- | \$678,479 | \$32,924 | \$645,555 |
| 2003 | 5 | ----- | ----- | \$645,555 | \$1,726 | \$643,829 |
| 2004 | 3 | ----- | ----- | \$659,570 | \$2,837 | \$0 |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

CORPORATE INCOME TAX

- Since the creation of this credit, 36 taxpayers have claimed it.

| REFUNDABLE | 2000 | 2001 | 2002 |
|----------------|--------------|-----------|------|
| # of claimants | 182 | 12 | 0 |
| # of vehicles | 670 | 17 | |
| New credit | \$15,666,027 | \$218,560 | |
| Total credit | \$15,666,027 | \$218,560 | |
| Used | \$491,057 | \$25,200 | |
| Refunded | \$15,163,095 | \$193,360 | |
| Carry forward | \$11,875 | \$0 | |

FOR NEIGHBORHOOD ELECTRIC VEHICLES:

| | # of claimants | # of vehicles | Purchase price | New credit | Total credit | used | Carry forward |
|------|----------------|---------------|----------------|-------------|--------------|-------------|---------------|
| 1999 | 53 | 189 | \$1,792,850 | \$1,858,593 | \$1,858,593 | \$1,406,907 | \$451,686 |
| 2000 | 47 | 267 | \$2,287,352 | \$2,103,061 | \$2,431,532 | \$1,368,929 | \$1,062,603 |
| 2001 | 19 | ----- | ----- | ----- | \$991,555 | \$69,701 | \$921,854 |
| 2002 | 17 | ----- | ----- | ----- | \$903,497 | \$60,175 | \$843,322 |
| 2003 | 13 | ----- | ----- | ----- | \$820,049 | \$29,085 | \$790,964 |
| 2004 | 10 | ----- | ----- | ----- | \$791,263 | \$11,380 | \$779,883 |

- For this period, 82 taxpayers have claimed the credit for neighborhood electric vehicles.
- For these 82 taxpayers, an average of five vehicles per taxpayer have been claimed, although nine of the taxpayers each claimed ten or more neighborhood electric vehicles.

CORPORATE INCOME TAX

CLEAN ELECTIONS CREDIT

Statute: A.R.S. § 16-954B

Effective Date: For donations made in taxable years beginning on or after 1/1/98

Provisions: A nonrefundable credit is allowed for donations made directly to the Clean Elections Fund or a donation made on the tax return.

Credit: The credit is not to exceed 20% of the tax liability or \$550. The maximum credit amount is adjusted biennially (per A.R.S. § 16-959A).

Carry forward: None.

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|-----------------------|------|------|----------|---------|-------|---------|-------|
| # of claimants | 0 | 0 | 57 | 97 | 102 | 111 | 90 |
| Total credit | \$0 | \$0 | \$13,911 | \$2,913 | \$646 | \$1,773 | \$562 |
| Used | \$0 | \$0 | \$13,911 | \$2,913 | \$646 | \$1,563 | \$552 |

CONSOLIDATED FILER CREDIT

Statute: SB1120 in the 1994 legislative session

Effective Date: For taxable years from and after 12/31/95

Repealed: Final payments to occur in tax year 2007

Provisions: SB1120 allowed a corporation to elect to file the same consolidated group of corporations on the Arizona return that was filed on the federal return. Corporations that made this election could file consolidated returns from tax year 1994 forward. Amended returns could be filed for tax year 1986 through 1993; these returns had to have been filed by 1/1/95. The filing of amended returns could result in a credit for previous tax payments as well as interest accrued through 12/31/94. The credit could be taken beginning in the 1996 tax year.

Credit: Total credit established was \$84 million for 69 corporations. Corporations could take 1/10 of their credit, nonrefundable, each year for ten years. Any credit remaining at the end of ten years (perhaps credit amount exceeded liability during the ten year period) is to be refunded.

Carry forward: Not applicable.

| |
|--------------------------------------|
| CONSTRUCTION MATERIALS CREDIT |
|--------------------------------------|

Statute: A.R.S. § 43-1171

Effective Date: For taxable years from and after 12/31/94

Repealed: Effective 1/1/00.

Provisions: A nonrefundable credit is allowed for new construction materials incorporated into a qualifying facility located entirely within Arizona, construction of which is begun on or after 1/1/94 and completed on or before 12/31/99. A qualifying facility means a new building or structure, or expansion of an existing building or structure predominantly used for manufacturing, fabricating, mining, refining, metallurgical operations, direct broadcast satellite television or data transmission services or research and development and which has a total cost of construction in excess of \$5 million.

Credit: The credit is 5% of the purchase price of the materials.

Carry forward: Until 12/21/11.

| Tax Year | # of claimants | Cost of qualifying materials | New credit | Total credit | Used | Carry forward |
|----------|----------------|------------------------------|-------------|--------------|-------------|---------------|
| 1994 | 1 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 1995 | 8 | \$117,613,449 | \$5,880,673 | \$5,880,673 | \$4,868,089 | \$1,012,584 |
| 1996 | 11 | \$23,000,122 | \$2,162,591 | \$2,162,591 | \$944,392 | \$1,218,199 |
| 1997 | 10 | \$23,547,095 | \$2,018,694 | \$2,018,694 | \$878,822 | \$1,139,872 |
| 1998 | 5 | \$16,540,741 | \$1,567,984 | \$1,567,984 | \$1,041,619 | \$579,484 |
| 1999 | 7 | \$17,454,198 | \$1,161,103 | \$1,161,103 | \$414,824 | \$746,279 |
| 2000 | 4 | ----- | ----- | \$630,976 | \$204,184 | \$426,792 |
| 2001 | 3 | ----- | ----- | \$426,792 | \$100 | \$426,692 |
| 2002 | 3 | ----- | ----- | \$426,692 | \$100 | \$426,592 |
| 2003 | 2 | ----- | ----- | ////////// | ////////// | ////////// |
| 2004 | 1 | ----- | ----- | ////////// | ////////// | ////////// |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

➤ Since the creation of this credit, 17 taxpayers have claimed it.

| |
|-----------------------------------|
| DEFENSE CONTRACTING CREDIT |
|-----------------------------------|

Statute: A.R.S. § 43-1165 and 1166

Effective Date: For taxable years from and after 9/30/92

Provisions: The credit is limited to companies certified by the Arizona Department of Commerce as qualified defense contractors by June 30, 2001. Certification is valid for five consecutive taxable years; no new credits can be claimed after tax year 2006. The nonrefundable credit is for a net increase in employment of qualified employees under a United States Department of Defense contract or for a net increase in private commercial employment by a qualified defense contractor due to full-time equivalent positions transferred during the taxable year from exclusively defense related activities to exclusively private commercial activities. A tax credit is also allowed for a portion of property taxes paid on class 3 (commercial or industrial) property.

Credit: For net increases in employment, the credit is \$2500 for each first year full-time equivalent position created, \$2000 for the second year, \$1500 for the third year, \$1000 for the fourth year and \$500 for the fifth year of full-time employment. The credit for property tax paid is determined first by calculating 40% of the property tax if more than 900 new full-time equivalent positions are created, 30% of property taxes for 601 to 900 positions, 20% for 301 to 600 positions and 10% for up to 300 positions. This amount is then multiplied by the percentage determined by dividing the taxpayer's total gross income from USDOD contracts apportioned to Arizona by the taxpayer's total gross income from all sources apportioned to Arizona.

Carry forward: Five years.

| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|---------------------------------|----------|----------|----------|--------------|--------------|--------------|--------------|
| # of claimants | 2 | 2 | 4 | 4 | 4 | 4 | 4 |
| 1 st year employment | //////// | //////// | //////// | 1,097 | 1,123 | 227 | 1,629 |
| 2 nd year employment | //////// | //////// | //////// | 330 | 1,171 | 879 | 419 |
| 3 rd year employment | //////// | //////// | //////// | 3,075 | 742 | 752 | 783 |
| 4 th year employment | //////// | //////// | //////// | 634 | 56 | 886 | 695 |
| 5 th year employment | //////// | //////// | //////// | | | 152 | 828 |
| Employment credit | //////// | //////// | //////// | \$8,002,731 | \$10,517,213 | \$73,581 | \$7,022,562 |
| Property tax credit | //////// | //////// | //////// | \$1,537,532 | \$355,411 | \$225,167 | \$927,393 |
| New credit | //////// | //////// | //////// | \$9,540,263 | \$10,872,624 | \$298,748 | \$7,949,955 |
| Total credit | //////// | //////// | //////// | \$32,539,670 | \$41,879,669 | \$39,112,013 | \$47,790,421 |
| Used | //////// | //////// | //////// | \$3,551,214 | \$748,841 | \$116,500 | \$833,724 |
| Carry forward | //////// | //////// | //////// | \$28,988,456 | \$33,160,763 | \$39,840,466 | \$36,297,743 |

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|---------------------------------|--------------|----------|----------|----------|----------|
| # of claimants | 3 | 2 | 2 | 1 | 1 |
| 1 st year employment | 1,447 | //////// | //////// | //////// | //////// |
| 2 nd year employment | 1,416 | //////// | //////// | //////// | //////// |
| 3 rd year employment | 283 | //////// | //////// | //////// | //////// |
| 4 th year employment | 642 | //////// | //////// | //////// | //////// |
| 5 th year employment | 46 | //////// | //////// | //////// | //////// |
| Employment credit | \$7,539,000 | //////// | //////// | //////// | //////// |
| Property tax credit | \$993,864 | //////// | //////// | //////// | //////// |
| New credit | \$8,532,864 | //////// | //////// | //////// | //////// |
| Total credit | \$43,361,299 | //////// | //////// | //////// | //////// |
| Used | \$1,859,951 | //////// | //////// | //////// | //////// |
| Carry forward | \$32,832,511 | //////// | //////// | //////// | //////// |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

➤ Since the creation of this credit, six taxpayers have claimed it.

DONATION OF MOTOR VEHICLES TO WHEELS TO WORK PROGRAM CREDIT

Statute: A.R.S. § 43-1177
Effective Date: For taxable years from and after 12/31/98
Repealed: For donations made from and after 7/1/02
Provisions: A nonrefundable credit is allowed for the fair market value of any vehicle that is donated to the wheels to work program. The value of the vehicle is determined by the private entity.
Credit: The maximum credit is \$1500 per vehicle.
Carry forward: Five years.

As of the date of this publication, no claim for the donation of motor vehicles to wheels to work program credit has been found.

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|---|
| EMPLOYER DEPENDENT DAY CARE CREDIT |
|---|

Statute: A.R.S. § 43-1163

Effective Date: For taxable years from and after 12/31/90 *and ending before 1/1/95*

Repealed: Repeal date set when credit enacted.

Provisions: A nonrefundable credit is allowed to each taxpayer who incurs expenses for providing dependent day care services for employees of the taxpayer.

Credit: The credit is equal to the lesser of \$15,000 or 50% of the costs incurred to acquire, construct, renovate or remodel dependent day care facilities or property for dependent day care facilities OR equal to the lesser of \$5,000 or 30% of the net costs incurred by the taxpayer to operate dependent day care facilities for employees, as reimbursement or compensation for dependent day care expenses incurred by the employee, and provide information and referral services to assist the taxpayer's employees to obtain dependent day care.

Carry forward: None.

| | 1991 | 1992 | 1993 | 1994 |
|-----------------------------------|---------------|---------------|----------|----------|
| # of claimants | 4 | 8 | 7 | 5 |
| Cost to acquire, construct | Not available | Not available | \$12,585 | \$0 |
| Cost to operate, provide | Not available | Not available | \$75,165 | \$92,366 |
| Credit | \$6,316 | \$9,622 | \$19,182 | \$6,963 |
| Used | \$5,150 | \$7,497 | \$18,311 | \$6,839 |

- Since the creation of this credit, 13 taxpayers have claimed it.

| |
|--|
| EMPLOYMENT OF TANF RECEIPIENTS CREDIT |
|--|

Statute: A.R.S. § 43-1175

Effective Date: For taxable years from and after 12/31/97

Provisions: A nonrefundable credit is allowed for net increases in qualified employment of recipients of temporary assistance for needy families who are Arizona residents. To qualify for a credit, several conditions must be met, including that all employees must reside in Arizona and be TANF recipients, must be employed full-time, must have insurance coverage if insurance coverage is offered to non-TANF employees, must be paid minimum wage or a wage comparable to that received by non-TANF employees, must have been employed for at least 90 days during the first year.

Credit: The credit is equal to 1/4 the taxable wages paid to a qualified employee, not to exceed \$500 in the 1st year of employment, 1/3 of taxable wages not to exceed \$1,000 in the 2nd year of employment and 1/2 of taxable wages not to exceed \$1,500 in the 3rd year of continuous employment.

Carry forward: Five years.

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---------------------------|----------|----------|----------|----------|-----------|-----------|-----------|
| # of claimants | 3 | 5 | 7 | 7 | 7 | 9 | 10 |
| # of new employees | 81 | 121 | 95 | 72 | 234 | 408 | 389 |
| New credit | \$35,325 | \$49,653 | \$45,405 | \$79,139 | \$173,450 | \$466,292 | \$475,979 |
| Total credit | \$35,325 | \$49,653 | \$47,869 | \$99,360 | \$179,736 | \$472,478 | \$482,065 |
| Used | \$35,325 | \$47,189 | \$27,648 | \$57,901 | \$173,550 | \$466,392 | \$476,079 |
| Carry forward | \$0 | \$2,464 | \$20,221 | \$41,459 | \$6,186 | \$6,086 | \$5,986 |

- Since the creation of this credit, seven taxpayers have claimed it.
- From 1998 through 2004, taxpayers reported 1,400 positions eligible for the credit, for a total credit of \$1.3 million. This is a \$947 credit per job.

| |
|-------------------------------|
| ENTERPRISE ZONE CREDIT |
|-------------------------------|

Statute: A.R.S. § 43-1161

Effective Date: For taxable years from and after 12/31/89

Provisions: A nonrefundable credit is allowed for net increases in qualified employment positions of Arizona residents by a business located in an enterprise zone, except where more than 10% of the business conducted at the location consists of selling tangible personal property at retail. (Originally this credit had no restriction on retail businesses. Then for a few years, there was complete exclusion of retail businesses.) To qualify for the credit there are a number of requirements, including an Arizona residency requirement, 35% of the employees with respect to whom a credit is claimed must reside in an enterprise zone on the date of employment, located in the same county as the business is located, the position must be at least 1,750 hours per year, etc.

Credit: The credit is equal to 1/4 the taxable wages paid to a qualified employee, not to exceed \$500 in the 1st year of employment, 1/3 of taxable wages not to exceed \$1,000 in the 2nd year of employment and 1/2 of taxable wages not to exceed \$1,500 in the 3rd year of continuous employment.

Carry forward: Five years.

| | # of claims | # of locations | # of new hires | New credit | Dislocated worker credit | Carry forward | Total credit | Used | Carry forward |
|------|-------------|----------------|----------------|--------------|--------------------------|---------------|--------------|--------------|---------------|
| 1990 | 6 | 10 | 347 | \$188,210 | \$0 | ---- | \$188,210 | \$169,652 | \$18,557 |
| 1991 | 16 | 27 | 935 | \$1,048,964 | \$0 | \$18,557 | \$1,067,521 | \$600,268 | \$467,253 |
| 1992 | 14 | 26 | 363 | \$1,707,563 | \$17,574 | \$465,803 | \$2,190,939 | \$951,515 | \$1,239,424 |
| 1993 | 19 | 35 | 506 | \$1,979,932 | \$74,187 | \$1,213,997 | \$3,268,116 | \$1,472,531 | \$1,795,585 |
| 1994 | 30 | 46 | 719 | \$1,074,955 | \$220,001 | \$53,338 | \$1,348,293 | \$1,080,209 | \$268,084 |
| 1995 | 36 | 67 | 819 | \$1,746,504 | \$1,371,278 | \$230,368 | \$3,348,150 | \$2,389,334 | \$958,815 |
| 1996 | 82 | 124 | 3,536 | \$3,730,181 | \$1,852,926 | \$906,269 | \$6,489,376 | \$3,990,887 | \$2,498,889 |
| 1997 | 115 | 161 | 3,926 | \$7,164,832 | \$2,168,014 | \$2,518,277 | \$11,824,588 | \$5,547,393 | \$6,106,749 |
| 1998 | 130 | 196 | 4,628 | \$11,188,049 | \$0 | \$4,656,873 | \$15,844,922 | \$8,662,232 | \$7,182,690 |
| 1999 | 136 | 219 | 3,854 | \$12,551,332 | \$10 | \$6,853,245 | \$19,404,587 | \$12,307,907 | \$7,096,680 |
| 2000 | 133 | 204 | 4,023 | \$11,161,748 | \$0 | \$6,898,328 | \$18,060,076 | \$8,641,915 | \$9,418,161 |
| 2001 | 138 | 238 | 2,743 | \$8,859,297 | \$2,219 | \$8,597,967 | \$17,459,483 | \$7,004,450 | \$10,455,033 |
| 2002 | 129 | 200 | 1,730 | \$6,932,125 | \$0 | \$7,224,704 | \$14,156,829 | \$5,982,079 | \$8,174,750 |
| 2003 | 118 | 199 | 2,175 | \$5,561,107 | \$0 | \$7,542,532 | \$13,103,639 | \$5,838,182 | \$7,209,525 |
| 2004 | 85 | 176 | 2,855 | \$3,643,652 | \$0 | \$5,791,729 | \$9,435,381 | \$4,711,476 | \$4,416,661 |

- Since the creation of this credit, 334 taxpayers have claimed it.
- Since 1990, 33,159 jobs have been claimed under this credit, for a total credit amount of \$78.5 million. This is an average credit of \$2,369 per job.

| |
|---|
| ENVIRONMENTAL TECHNOLOGY FACILITY CREDIT |
|---|

Statute: A.R.S. § 43-1169

Effective Date: For taxable years from and after 12/31/92

Provisions: A nonrefundable credit is allowed for expenses incurred in constructing a qualified technology manufacturing, producing or processing facility. The facility must be either owned by the manufacturer, producer or processor, or leased for a term of five years or more. The facility must be used predominantly to do a variety of things (set out in statute) that involve recycled materials or renewable energy. The facility must cost an aggregate of at least \$20 million of new capital investment in Arizona within five years after construction begins or commencement of installation of improvements.

Credit: The credit is equal to 10% of the amount spent during the taxable year to construct the facility, including land acquisition, improvements, building improvements, machinery and equipment, but not exceeding 75% of the tax liability.

Carry forward: Fifteen years.

| | # of claimants | Cost of equipment or property | New credit | Total credit | Used | Carry forward |
|------|----------------|-------------------------------|--------------|--------------|--------------|---------------|
| 1993 | 1 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 1994 | 4 | \$112,903,166 | \$11,290,316 | \$16,245,878 | \$2,329,787 | \$13,916,091 |
| 1995 | 5 | \$278,383,768 | \$27,838,377 | \$41,754,468 | \$15,821,459 | \$25,933,009 |
| 1996 | 6 | \$97,162,732 | \$9,716,273 | \$35,649,281 | \$2,556,477 | \$33,092,804 |
| 1997 | 3 | \$18,739,637 | \$1,873,964 | \$34,966,768 | \$38 | \$34,966,730 |
| 1998 | 4 | \$15,537,470 | \$1,553,749 | \$36,520,479 | \$365,267 | \$36,155,212 |
| 1999 | 3 | \$6,815,794 | \$681,579 | \$36,836,791 | \$69,877 | \$36,766,914 |
| 2000 | 3 | \$0 | \$0 | \$36,766,914 | \$26,658 | \$36,740,256 |
| 2001 | 3 | \$0 | \$0 | \$37,088,205 | \$1,084,588 | \$36,003,617 |
| 2002 | 2 | \$0 | \$0 | ////////// | ////////// | ////////// |
| 2003 | 2 | \$0 | \$0 | ////////// | ////////// | ////////// |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws.

- Since the creation of this credit, 7 taxpayers have claimed it.
- Nearly \$58 million in credit has been created, an average of \$8.3 million in credit per taxpayer participating.

| |
|-----------------------------------|
| MILITARY REUSE ZONE CREDIT |
|-----------------------------------|

Statute: A.R.S. § 43-1167

Effective Date: For taxable years from and after 12/31/92 (although no military reuse zones were designated until 1996)

Provisions: A nonrefundable credit is allowed for net increases in employment of full-time employees working in a military reuse zone, and who are primarily engaged in providing aviation or aerospace services or in manufacturing, assembling or fabricating aviation or aerospace products. A credit is also allowed for dislocated military base employees, which are civilians who previously had permanent full-time civilian employment on the military facility as of the date the closure of the facility was determined under federal law.

Credit: For each employee that is not a dislocated military base employee, the credit is \$500 in the 1st year of employment and increases in \$500 increments until it reaches \$2500 in the 5th year of employment. For dislocated military base employees, the credit amount starts at \$1,000 in the 1st year of employment and increases in \$500 increments each year until it reaches \$3,000 in the 5th year of employment.

Carry forward: Five years.

| | # of claimants | # of employees | New credit | Total credit | Used | Carry forward |
|------|-------------------|-------------------|------------|-----------------|------------|------------------|
| 1993 | 0 | | | | | |
| 1994 | 0 | | | | | |
| 1995 | 0 | | | | | |
| 1996 | 3 | 20 | \$18,000 | \$18,000 | \$4,731 | \$13,269 |
| 1997 | 3 | 52 | \$33,000 | \$34,888 | \$11,888 | \$23,000 |
| 1998 | 3 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 1999 | 3 | 3 | \$98,500 | \$175,336 | \$170,634 | \$4,702 |
| 2000 | 3 | 8 | \$109,000 | \$113,702 | \$97,440 | \$16,262 |
| 2001 | 3 | 29 | \$122,500 | \$131,312 | \$109,373 | \$21,939 |
| 2002 | 1 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 2003 | 2 | ////////// | ////////// | ////////// | ////////// | ////////// |
| 2004 | 1 | 0 | \$0 | ////////// | ////////// | ////////// |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

- Since the creation of this credit, five taxpayers have claimed it.
- Slightly more than 140 jobs have been claimed under this credit, for about \$448,000. This is \$3,177 in credit per employee.

| |
|--|
| POLLUTION CONTROL DEVICE CREDIT |
|--|

Statute: A.R.S. § 43-1170

Effective Date: For taxable years from and after 12/31/94

Provisions: A nonrefundable credit is allowed for expenses incurred to purchase real or personal property that is used in the taxpayer's trade or business in Arizona to control or prevent pollution. Property that qualifies includes that portion of a structure, building, installation, excavation, machine, equipment or device and any attachment or addition to or reconstruction, replacement or improvement of that property that is directly used, constructed or installed for the purposes of meeting rules or regulations adopted by the U.S. Environmental Protection Agency, the Department of Environmental Quality or a political subdivision to prevent, monitor, control or reduce air, water or land pollution.

Credit: The amount of the credit is equal to the lesser of 10% of the purchase price or \$500,000. In 1995 and 1996, the credit was capped at \$750,000.

Carry forward: Five years.

| | # of claimants | Cost of property | New credit | Total credit | Used | Carry forward |
|------|----------------|------------------|-------------|--------------|-------------|---------------|
| 1995 | 21 | \$79,797,815 | \$5,205,329 | \$5,205,329 | \$3,110,818 | \$2,094,511 |
| 1996 | 29 | \$54,365,441 | \$4,332,277 | \$6,937,066 | \$4,498,473 | \$2,438,593 |
| 1997 | 27 | \$44,302,215 | \$2,041,197 | \$3,891,947 | \$2,202,316 | \$1,948,756 |
| 1998 | 26 | \$70,399,042 | \$4,317,076 | \$8,707,493 | \$4,241,078 | \$4,382,127 |
| 1999 | 36 | \$106,566,052 | \$6,542,905 | \$12,259,058 | \$6,879,188 | \$6,362,017 |
| 2000 | 38 | \$45,279,692 | \$3,879,333 | \$11,285,630 | \$3,860,990 | \$7,425,190 |
| 2001 | 34 | \$53,614,176 | \$3,039,801 | \$7,022,169 | \$2,696,972 | \$4,325,197 |
| 2002 | 30 | \$23,364,784 | \$2,118,355 | \$6,635,644 | \$1,716,817 | \$4,918,957 |
| 2003 | 27 | \$26,352,550 | \$2,351,989 | \$7,296,716 | \$2,412,182 | \$4,730,887 |
| 2004 | 18 | \$22,265,728 | \$1,928,242 | \$5,188,931 | \$1,163,169 | \$3,786,066 |

- Since the creation of this credit, 88 taxpayers have claimed it.
- The average cost of pollution control property over the ten-year period is \$2.3 million.
- Based on a total \$35.8 million in credit created, the average credit claimed per taxpayer for the ten-year period is \$406,324.

| |
|-----------------------------------|
| RECYCLING EQUIPMENT CREDIT |
|-----------------------------------|

Statute: A.R.S. § 43-1164

Effective Date: For taxable years from and after 12/31/92

Repealed: Effective 1/1/00.

Provisions: A nonrefundable credit is allowed to a taxpayer that places recycling equipment in service in Arizona. Recycling equipment is defined as new or used equipment purchased during the tax year and used exclusively to process post-consumer select solid waste materials and manufacturing machinery used exclusively to produce finished products, the composition of which is at least 25% post-consumer select solid waste materials. Select solid waste means paper, plastic, scrap metal and iron, glass and rubber.

Credit: The amount of the credit is equal to 10% of the installed cost of the equipment. The credit may not exceed 25% of the tax liability for the tax year or \$5,000.

Carry forward: Fifteen years.

| | # of claimants | Cost of equipment | New credit | Total credit | Used | Carry forward |
|------|----------------|-------------------|------------|--------------|------------|---------------|
| 1993 | 0 | | | | | |
| 1994 | 3 | \$859,542 | \$85,919 | \$85,919 | \$14,920 | \$70,999 |
| 1995 | 5 | \$516,776 | \$51,678 | \$122,676 | \$14,851 | \$107,825 |
| 1996 | 4 | \$350,132 | \$35,013 | \$142,144 | \$11,167 | \$130,977 |
| 1997 | 4 | \$312,030 | \$31,203 | \$161,315 | \$10,672 | \$150,643 |
| 1998 | 4 | \$1,237,090 | \$123,709 | \$274,352 | \$12,660 | \$261,692 |
| 1999 | 4 | \$291,586 | \$29,158 | \$250,210 | \$16,028 | \$234,182 |
| 2000 | 5 | \$42,400 | \$4,240 | \$238,422 | \$15,626 | \$222,796 |
| 2001 | 4 | ---- | ---- | \$218,919 | \$21,442 | \$197,477 |
| 2002 | 4 | ---- | ---- | \$197,477 | \$5,145 | \$192,332 |
| 2003 | 4 | ---- | ---- | \$192,332 | \$3,426 | \$188,906 |
| 2004 | 2 | ---- | ---- | ////////// | ////////// | ////////// |

- Since the creation of this credit, ten taxpayers have claimed it.
- The average cost of recycling equipment over the seven-year period for the ten taxpayers is \$360,956.
- The average cost of the credit over the eleven-year period is \$11,449.

| |
|--|
| RESEARCH & DEVELOPMENT CREDIT |
|--|

Statute: A.R.S. § 43-1168

Effective Date: For taxable years from and after 12/31/92

Provisions: This nonrefundable credit is for research and development expenses.

Credit: Through tax year 2000, this credit had a limit of \$500,000 in a tax year. Effective with taxable years beginning from and after 1/1/01, the credit is computed as follows:

1. Add the excess of qualified research expenses for the taxable year over the base amount, to the basic research payments determined.

2. If the sum is less than or equal to \$2.5 million, the credit is 20% or a maximum of \$500,000.

3. If the sum is greater than \$2.5 million, the credit is \$500,000 plus 11% of the amount exceeding \$2.5 million, except,

a. For taxable years beginning from and after 12/31/00 through 12/31/01, the credit shall not exceed \$1.5 million

b. For taxable years beginning from and after 12/31/01 through 12/31/02, the credit shall not exceed \$2.5 million.

If the taxpayer has qualified research expense carry forward from taxable years beginning before 1/1/01, the expenses convert to credit by multiplying expense carry forward by 20%. The amount of the credit carry forward from taxable years beginning from and after 12/31/02 that may be used in a taxable year may not exceed tax liability after subtracting current year credit. Credit carry forward from taxable years beginning before 1/1/03 that can be used in a year may be limited. The carry forward amount from the specified tax years must be less than or equal to the lesser of tax liability less current year credit (thereby zeroing out liability) or the difference between \$500,000 and the current year credit.

Carry forward: Fifteen years.

| | # of claimants | Total r&d expenses and payments | New credit ⁷ | Total credit | Used | Credit value of limited expense carry forward | Unlimited carryforward |
|------|----------------|---------------------------------|-------------------------|--------------|--------------|---|------------------------|
| 1993 | 23 | \$5,558,659 | \$617,710 | \$617,710 | \$403,663 | \$632,405 | |
| 1994 | 89 | \$156,284,525 | \$5,206,158 | \$5,445,055 | \$3,062,056 | \$26,466,029 | |
| 1995 | 86 | \$162,826,676 | \$8,595,822 | \$9,559,521 | \$6,297,972 | \$49,857,808 | |
| 1996 | 111 | \$331,808,012 | \$13,461,458 | \$15,358,856 | \$9,760,307 | \$100,583,439 | |
| 1997 | 135 | \$275,215,043 | \$17,389,886 | \$19,520,808 | \$11,233,349 | \$81,537,496 | |
| 1998 | 130 | \$482,341,396 | \$17,848,849 | \$19,458,263 | \$9,053,864 | \$190,668,812 | |
| 1999 | 142 | \$645,918,415 | \$18,872,601 | \$20,434,813 | \$10,445,778 | \$293,897,873 | |
| 2000 | 126 | \$902,549,458 | \$22,087,934 | \$23,941,837 | \$8,949,912 | \$409,218,385 | |
| 2001 | 129 | \$540,890,938 | \$31,702,955 | \$36,268,895 | \$9,454,132 | \$457,053,392 | |
| 2002 | 133 | \$449,346,895 | \$32,087,436 | \$42,972,005 | \$11,444,036 | \$494,467,832 | |
| 2003 | 132 | \$453,867,516 | \$58,380,645 | \$72,298,478 | \$25,751,016 | \$500,799,354 | \$34,559,819 |
| 2004 | 104 | \$532,105,431 | \$64,788,609 | \$83,946,015 | \$29,506,172 | \$462,243,453 | \$62,925,882 |

- Since the creation of this credit, 378 taxpayers have claimed it.
- Over \$4.9 billion in research & development expenses and payments have been claimed by these taxpayers since 1993, for an average expense of \$13.1 million over the twelve-year period.
- The average "New Credit" per taxpayer increased from \$175,301 in 2000 to \$245,759 in 2001, which coincides with the increase in the credit cap from \$500,000 to \$1,500,000. The average dropped slightly in 2002 to \$241,259. In 2003, with the removal of the credit cap, the average credit was \$442,278.

⁷ These numbers reflect the credit limits, depending on how many years the credit has been claimed.

| |
|------------------------------------|
| SCHOOL SITE DONATION CREDIT |
|------------------------------------|

Statute: A.R.S. § 43-1181

Effective Date: For taxable years from and after 12/31/00

Provisions: A nonrefundable credit is allowed for donation of real property and improvements to a school district or a charter school for use as a school or as a site for the construction of a school. To qualify for the credit, the real property and improvements must be in Arizona, must be conveyed unencumbered and in fee simple, except that the property shall only be used as a school or construction site for a school.

Credit: The amount of the credit is 30% of the value of real property and improvements donated by the taxpayer to a school district or charter school.

Carry forward: Five years.

| | 2001 | 2002 | 2003 | 2004 |
|--------------------------|------------|------------|------------|-------------|
| # of taxpayers | 2 | 4 | 2 | 3 |
| Cost of donated property | ////////// | ////////// | ////////// | \$2,054,910 |
| Credit created | ////////// | ////////// | ////////// | \$616,473 |
| Credit used | ////////// | ////////// | ////////// | \$616,473 |
| Credit carry forward | ////////// | ////////// | ////////// | \$0 |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

**SOLAR HOT WATER HEATER PLUMBING STUB OUTS AND ELECTRIC VEHICLE
RECHARGE OUTLETS CREDIT**

Statute: A.R.S. § 43-1176

Effective Date: For taxable years from and after 12/31/97

Provisions: A nonrefundable credit is allowed for costs incurred of installing or including in one or more houses or dwelling units in Arizona and constructed by the taxpayer, one or more:

1. Solar hot water plumbing stub outs. The stub out must include two insulated 3/4 inch copper pipes and at least two pairs of wire for monitoring or controlling purposes. The stub out must also be located and configured to allow sufficient solar access and exposure and to allow ready installation of solar water heating devices.

2. Electric vehicle recharge outlets. The outlet must be connected to the utility system by a dedicated line that is capable of operating at normal secondary voltages, meets applicable building codes and is commensurate and consistent with electric vehicle recharging needs and methods.

Credit: The credit cannot exceed \$75 for each installation for each separate house or dwelling unit. The credit may be transferred from the builder to the purchaser of the house or dwelling unit.

Carry forward: Five years.

Claims have been recorded for this credit for tax year 2000, but there are too few to release information at this time.

SUMMER SCHOOL AND JOBS CREDIT

Statute: Laws 1995, HB2227, Chapter 236 and Laws 1996, SB1047, Chapter 309
Effective Date: For taxable years beginning from and after 12/31/94 *through* 12/31/96
Repealed: Repeal date set when credit enacted.
Provisions: A nonrefundable credit is allowed for qualifying employers for the amount of wages paid by the employer to students who are enrolled in summer school half days and employed by the qualified employer during the other half of the day.
Credit: The maximum credit equaled half of the wage paid to the student up to a maximum of \$3 per hour, with a maximum of 20 hours of work per week.
Carry forward: None.

Claims have been recorded for this credit for tax year 1995, but there are too few to release information.

| |
|---|
| TAXES PAID FOR COAL CONSUMED IN GENERATING ELECTRICAL POWER CREDIT |
|---|

Statute: A.R.S. § 43-1178

Effective Date: For taxable years from and after 12/31/97

Provisions: A nonrefundable credit is allowed for purchases of coal consumed in generating electrical power in Arizona.

Credit: The credit is equal to 30% of the amount paid by the seller or purchaser as transaction privilege or use tax with respect to the coal sold to the taxpayer.

Carry forward: Five years.

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| # of claimants | 4 | 4 | 3 | 3 | 3 | 3 | 3 |
| TPT or use tax paid | \$3,053,275 | \$3,607,134 | \$3,716,675 | \$6,388,155 | \$5,417,396 | \$5,285,068 | \$4,312,193 |
| New credit | \$915,983 | \$1,067,569 | \$1,115,002 | \$1,916,447 | \$1,865,219 | \$1,585,520 | \$1,293,658 |
| Totals credit | \$915,983 | \$1,305,513 | \$1,617,039 | \$2,755,471 | \$3,064,674 | \$3,145,343 | \$3,038,101 |
| Used | \$678,039 | \$803,476 | \$778,015 | \$1,556,016 | \$1,504,851 | \$1,229,020 | \$908,990 |
| Carry forward | \$237,944 | \$502,037 | \$839,024 | \$1,199,455 | \$1,559,823 | \$1,744,443 | \$1,799,254 |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws.

- Since the creation of this credit, five taxpayers have claimed it.
- Over the 7 year period, \$31.8 million in transaction privilege or use tax has been paid on coal consumed in generating electrical power. This translates into \$636 million in taxable sales.

| |
|-----------------------------------|
| TECHNOLOGY TRAINING CREDIT |
|-----------------------------------|

Statute: A.R.S. § 43-1179

Effective Date: For taxable years from and after 12/31/00 and ending before 1/1/06

Provisions: A *refundable* credit is allowed for providing technological skills training to not more than 20 of the taxpayer's employees.

Credit: The credit is equal to 50% of the amount actually spent during the taxable year for the cost of the training, but not more than \$1500 per employee. The total amount of credits that can be granted (through a Department of Commerce certification program) is \$2.5 million.

| | # of Claimants | Credit | Credit Used Against Liability | Credit Refunded |
|------|-------------------|----------|----------------------------------|--------------------|
| 2001 | 11 | \$46,286 | \$35,010 | \$11,276 |
| 2002 | 4 | \$41,083 | \$30,000 | \$11,083 |
| 2003 | 3 | \$33,426 | \$33,006 | \$420 |
| 2004 | 3 | \$39,963 | \$36,268 | \$3,695 |

Eleven different taxpayers have claimed this credit in the four years.

UNDERGROUND STORAGE TANKS CREDIT

Statute: A.R.S. § 43-1173

Effective Date: For taxable years from and after 12/31/93

Repealed: The legislation repealing this credit had a general effective date of August 25, 2004.

Provisions: A nonrefundable credit is allowed for expenses incurred by an individual or taxpayer who is not liable or responsible for a corrective action as an owner or operator of an underground storage tank, for corrective actions taken with respect to the release of a regulated substance from an underground storage tank.

Credit: The credit is equal to 10% of the amount spent to take any corrective action certified by the Arizona Department of Environmental Quality.

Carry forward: None.

- Since the creation of this credit, four taxpayers have claimed the credit but too few of them have claimed it in any given year to allow the reporting of the amounts.
- Over the eight-year period, less than \$50,000 in expenses incurred has been reported.

| |
|---|
| VEHICLE REFUELING APPARATUS CREDIT |
|---|

Statute: A.R.S. § 43-1174.01

Effective Date: For taxable years from and after 12/31/98

Provisions: A refundable credit is allowed for the purchase of a vehicle refueling apparatus, including storage tanks, for installation on one or more properties in Arizona for the taxpayer's use. Vehicle refueling apparatus means either a maximum 10 to 15 standard cubic feet per minute natural gas compression appliance used for slow fill, on-site refueling or equipment necessary to provide an electric charge for an electric vehicle. Prior to 1/01/00, this credit was not refundable.

Repealed: To qualify for the credit, the vehicle refueling apparatus must be installed on or before 12/31/00 or the taxpayer has paid in full for the vehicle refueling apparatus before 11/9/00.

Credit: The credit is the cost of the vehicle refueling apparatus. The nonrefundable credit was equal to the greater of \$2000 or the cost of the vehicle refueling apparatus.

Carry forward: Five years.

| NONREFUNDABLE | 1999 | 2000⁸ | 2001 | 2002 | 2003 | 2004 |
|-------------------------------|-------------|-------------------------|-------------|-------------|-------------|-------------|
| # of claimants | 7 | 4 | 4 | 3 | 1 | 1 |
| # of apparatus | 9 | -- | //////// | //////// | //////// | //////// |
| Apparatus cost | \$26,172 | -- | //////// | //////// | //////// | //////// |
| Credit | \$29,765 | -- | //////// | //////// | //////// | //////// |
| Total credit | \$29,765 | \$8,712 | //////// | //////// | //////// | //////// |
| Used against liability | \$13,630 | \$2,180 | //////// | //////// | //////// | //////// |
| Carry forward | \$16,135 | \$6,532 | //////// | //////// | //////// | //////// |

The bars in the cells of the table above indicate that release of data would violate confidentiality laws. Only the number of taxpayers claiming the credit is shown.

- Since the creation of this credit, nine taxpayers have claimed it.

| REFUNDABLE | 2000 | 2001 |
|--------------------------------------|-------------|-------------|
| # of claimants | 12 | 0 |
| # of refueling apparatus | 21 | |
| Refueling apparatus credit | \$123,104 | |
| # of apparatus installations | 4 | |
| Apparatus installation credit | \$15,836 | |
| Credit | \$138,940 | |
| Used against liability | \$46,332 | |
| Refunded | \$92,608 | |

⁸ All nonrefundable 2000 claims are claims of carry forward from 1999.